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Latin America Report

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18 January 1985

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INTER-AMERICAN AFFAIRS

PERUVIANS SETTLE IN BOLIVIAN BORDER AREA

PY271307 La Paz Cadena Panamericana in Spanish 1130 GMT 27 Dec 84

[Text] Peruvian citizens have peacefully entered Bolivian territory. The deputy prefect of Pacaje Province in La Paz Department has come to La Paz to report this information to government officials. He told Radio Panamericana that he has gone to the Defense Ministry, the prefecture and the Government Committee of the National Congress to report this incident.

He added that the peaceful invasion took place at the Cerro Tolar border marker where the borders of Bolivia, Chile, and Peru meet, and that the Peruvian citizens have gradually entered Bolivian territory in a semi-circular area 15 km long and 8 km deep. The deputy prefect also reported that the Peruvian citizens have even built a school in Bolivian territory to establish their sovereignty.

The deputy prefect asked for the appointment of a high-level commission to investigate the peaceful invasion of Peruvian settlers. The area invaded is close to Charana. He added that this incident must be investigated and that government officials should immediately send a commission to verify the peaceful invasion of national territory by Peruvian citizens who even built a school, quote, to establish their sovereignty, unquote.

CSO: 3348/235

INTER-AMERICAN AFFAIRS

HAVANA ON UK CONCESSIONS TO EXPLOIT OIL IN FALKLANDS

PA050441 Havana International Service in Spanish 1600 GMT 3 Jan 85

[Text] Argentine Foreign Minister Dante Caputo underscored in Buenos Aires that his country does not recognize any concession granted by a power occupying its national territory. Caputo's statement was in reference to the British Government's decision to grant a concession to U.S. Transnational (First Land, Oil and Gas) to exploit oil deposits in the Malvinas Islands' territorial waters.

Referring to this, the Cuban newspaper GRANMA today commented that this is how Great Britain repays the military support offered by the United States in 1982 during its war against Argentina to recover the Malvinas Islands' archipelago. Everything seems to indicate, GRANMA adds, that this is the beginning of an ambitious Anglo-U.S. program to exploit the riches of those islands in the South Atlantic Ocean.

The official spokesman of the Communist Party of Cuba said that the implementation of that plan will not be easy for Washington and London because, among other things, they are underestimating the feelings of the Argentine people and other Latin American peoples and also because any agreement which must be enforced in a territory under dispute would have no judicial basis in international law. In addition, GRANMA said, the international community does not acknowledge the legitimacy of the alleged UK sovereignty over the Malvinas Islands.

CSO: 3348/239

FISHING CONGRESS REPORTS POLICY RECOMMENDATIONS

Lima EL COMERCIO in Spanish 2 Dec 84 p F-2

[Text] Major recommendations emerged from the Second Latin American Fishing Congress held recently in Lima, organized by the Ministry of Fisheries on the premises of the International Pacific Fair.

One of the most prominent of them was that relating to international cooperation and financing.

The attending delegates agreed on "a greater effort by international credit institutions as well as international development agencies to finance fishing projects for the countries of the region, which will help to develop Latin American fishing, because the latter constitutes the food reserve for coping with the demographic explosion in Latin America and the world."

In addition, "it recommends a study of the possibility of creating a Latin American credit financing entity for fishing, in order to make possible an expansion in the fishing fleet, infrastructure, marketing and other areas."

It also "recommends a study of the legal provisions on ship mortgages aimed at making the applicable regulations uniform and simplifying the red tape involved therein, so as to afford the financing agents greater security."

Fishing Policy

As for fishing policy, the attendees agreed to suggest the following action to help solve Latin American's food problem:

- a. To increase fishing production of ocean and continental origin.
- b. To raise the employment level.
- c. To increase the intraregional trade.
- d. To investigate the fishing resources and the appropriate techniques for catching them.
- e. To carry out technological and scientific exchanges.
- f. To adopt pertinent measures for dealing with the pollution of ocean and continental waters.
- g. To allow access for fleets of third countries, based on the terms set by the coastal state, when their fleets are inadequate or not fit to catch under-exploited species.

- h. To engage in an aggressive policy for exchanging information to avoid duplication of effort, and,
- i. At the Third Latin American Fishing Congress, to be held in 1985, the participating countries will describe, if it is fitting, the work associated with the gains accrued in the realm of each of the recommendations.

Participants

Participating in the event were ministers and vice ministers of fishing from Argentina, Brazil, Chile, Colombia, Cuba, Mexico, Nicaragua, the Dominican Republic, Peru, Venezuela, Costa Rica, Spain, Bolivia and Guatemala, as well as observers from 17 countries, such as the United States, the USSR, South Africa, the People's Republic of China, Great Britain, Switzerland, the Federal Republic of Germany and others.

2909

CSO: 3348/187

PERU, CANADA SIGN TECHNOLOGY TRANSFER AGREEMENT

Lima EL COMERCIO in Spanish 30 Nov 84 p A-4

[Text] Yesterday, the Peruvian Government and that of Canada signed a subsidiary agreement for the transfer of technology in the field of remote perception, the program for which will require an investment of \$5,541,300.

Canada will donate \$4,241,300 for this purpose, and the national counterpart will be \$1.3 million.

The accord was signed at noon in the Government Palace, with a ceremony led by the head of state, Fernando Belaunde Terry, the Council of Ministers president and foreign minister, Luis Percovich, and the Canadian ambassador, Michael Bell.

The purpose of the agreement is to carry out the second phase of the teledetection project, which will make it possible to improve and expand the technological capacity of the national agencies associated with work on inventory, control and evaluation of the country's national resources.

The project affords a supply of advanced equipment and facilities for operations in the aforementioned field, as well as the training of specialist Peruvian personnel.

The selected personnel are affiliated with the National Commission of Aerospace Research and Development, the National Office of Natural Resources Evaluation, the Geophysical Institute of Peru, the National Aerophotographic Service and the National Agrarian University.

In brief remarks, the chief executive said that the agreement had been signed at the "Pizarro House" because it is of great importance to the use of space for detecting natural resources.

Percovich Roca noted that the agreement is a major contribution to Peruvian technology because it will enable us to rank among the most advanced in Latin America in the field of detecting natural resources by means of remote perception. The Canadian ambassador, in turn, claimed that the project represented a crucial phase for engaging in activities associated with technological imports with Peru.

2909

CSO: 3348/187

ARMS SALES TO HELP OVERCOME MILITARY BUDGET CUTS

PY241805 Buenos Aires LA NACION in Spanish 21 Dec 84 p 6

[Text] Officials from the Defense Ministry and from other government sectors have been studying several alternatives to overcome, at least partially, the shortage of budget resources the Armed Forces have been experiencing. It has been reported that the sale of materiel abroad is a possibility which has again picked up momentum in recent days.

The Argentine Navy has four modern Meko 140-type missile frigates, of 1,790 tons each. They are: the "Espora," "Rosales," "Spiro," and "Parker."

These ships are part of a group of six frigates included in a contract signed in 1980 with the Blohm Voss Shipyards of the FRG, and which were built under license at the Rio Santiago Shipyards, subordinate to the State Shipyards and Naval Factories (AFNE).

The shipbuilding program includes the construction of six Meko 360-type missile destroyers of 3,600 tons each. Two of these destroyers have already been received: "La Argentina" and "Almirante Brown."

The army has conceived and developed the Argentine Medium Tank (TAM), a 33-ton armored vehicle equipped with a chemical protection system that enables it to pass through areas contaminated with radiological or bacteriological elements.

The VCTP armored personnel carriers are also built at the Military Industries facilities. The VCTP and the TAM have allowed Argentina to be included among the producers of armored vehicles.

The price of each tank on the international market is about \$1.5 million

With the appropriate license, Military Industries also manufactures NATO-type 9-mm Browning pistols; 7.62-mm MAG machine guns; 9-mm FMK 3 submachine guns; the Slam-Pampero multiple rocket system; and Mathogo guided antitank missiles. The Air Force has just presented the IA-63 prototype aircraft, a new one-engine subsonic jet plane for advanced training, which will go on the assembly line next year at the Cordoba military aircraft factory.

Because of its design and performance, this two-seat aircraft is comparable to similar ones produced in other countries.

Although some of these items meet the requirements of price and quality of the demanding international market, no major operation has yet been concluded because of political considerations.

On the one hand, Argentina has stated in several national and international forums, through President Alfonsin himself, that it opposes the arms race and that it advocates the peaceful solutions of all controversies.

On the other hand, some of the potential buyers of Argentine materiel are in Central America, where Argentina has pledged to support the peace efforts of the Contadora Group.

Iraq has expressed interest in purchasing a missile frigate, but the operation failed because Iraq is at war with Iran and the Argentine Government maintains relations with both countries. Argentina recently sold 2 million tons of grain, which will be delivered next year, to Iran.

Some of the components used in manufacturing arms are imported and others are manufactured in the country under foreign license.

It has been noted, for instance, that if a buyer of the TAM tanks requests a supply of spare optical components of the firing system, the order would have to be referred to the German company which makes them and sells them abroad with the government approval.

But if the buyer is a country which the exporter country does not want to benefit for strategic reasons, then the latter could refuse to export the spare parts, and this could jeopardize any operation.

CSO: 3348/235

ARGENTINA

BRIEFS

MANUFACTURE OF MINICOMPUTERS--Viadma, Rio Negro (DYN)--A Joint government-Bariloche Atomic Energy Centre corporation has been set up to manufacture microcomputers in this province. In an announcement made last week government officials said the production of microcomputers was unprecedented in Argentina and that the corporation hoped to put out 50,000 units in 1986.
[Text] [Buenos Aires BUENOS AIRES HERALD in English 30 Dec 84 p 7 PY]

CSO: 3300/8

BOLIVIA

BRIEFS

SOVIET \$220 CREDIT LINE--Jaime Rossel, general manager of the Central Bank of Bolivia, has announced that the Soviet Union, through its embassy in Bolivia, has offered the Bolivian Government a \$220-million credit line for the purchase of machinery and equipment for the mining, agricultural, industrial, transport, and communications fields. Of this credit line, \$220 million would be for the public sector with a 5-percent interest rate, payable in 10 years and with a 2-year grace period. The private sector would receive \$20 million at 5.5-percent. [Summary] [La Paz PRESENCIA in Spanish 20 Dec 84 p 11 PY]

CSO: 3348/249

TANCREDO INSTALLS ECONOMIC COMMISSION, DEFINES PRIORITIES

Growth Without Inflation

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Dec 84 p 1

/Text/ Realism in the solutions, "kept within the limits of our financial resources," and maintenance of social concern, which is "at the root of the future government." Those were the requests made by candidate Tancredo Neves of the six members of the commission that was installed yesterday in the first floor of a commercial building in Brasilia and charged with preparing his government program. The first working meeting of the commission was attended by the six economists: three named by the PMDB /Brazilian Democratic Movement Party/ (coordinator Jose Serra, Luciano Coutinho and Celso Furtado) and three by the Liberal Front (Sergio de Freitas, Sergio Quintella and Helio Beltrao). They all insisted that it will be up to Tancredo Neves alone to define which will be the government's plans and projects from among the suggestions presented. They hastened to deny any possible differences among them. In his speech, Tancredo previewed the policies of his administration, stressing the need to resume growth, fight inflation, iron out the financial difficulties of the public sector, balance the foreign accounts and spoke out against the advance of the state's presence in the economy. Following are the main policies established by Tancredo in his speech:

1. Survey of the fiscal, monetary and state company budgets, in addition to the situation of the Social Security and the Housing Financial System to obtain the real figures of the public administration.
2. Economic growth based especially on national savings, without fear as regards the participation of foreign capital, to be received as complementary and not as a substitute for national private enterprise.
3. Recognition of the great participation of private enterprise in the process of development, justifying the encouragement of its actions while containing the expansion of the presence of the state in the economic sector.
4. Economic growth must be translated into the recovery of the purchasing power of the wage-earners, which will lead to an increase of demand and, thus, the expansion and strengthening of the domestic market.

5. The renegotiation of the debt must be done in a realistic manner without ignoring the minimum rules that govern international financial operations. The creditors need to understand that the country cannot stop growing.

6. A firm export policy so that large trade surpluses, necessary to balance our foreign accounts, may continue to be produced. Maintenance of a realistic exchange rate is required.

7. Tax reform to reduce regional and personal inequalities, improving the distribution of income and strengthening the federation through the greater political and financial autonomy of the states and municipalities.

8. Development of the Northeast represents one of the country's main problems. To produce food (guaranteeing supply) and foreign exchange (through exports) resolute support will be given to agriculture.

Commission Members' Profile

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Dec 84 p 24

/Text/ Brasilia--The coordinator of the commission for the Democratic Alliance government program, economist Jose Serra, is planning secretary of the PMDB government of Sao Paulo. He is 42 years old and was president of the National Students Union, exiled when it was suppressed when he was studying at the Polytechnical School of the University of Sao Paulo (USP). Serra studied economics in France and the United States, graduating from Cornell University. On his return to Brazil, he joined the University of Campinas (UNICAMP), leaving there for the planning secretariat in the Sao Paulo government.

Also coming from UNICAMP is economist Luciano Coutinho, who at the present time is chairman of the Regional Economic Council of Sao Paulo after defeating a slate of conservatives that had occupied the council for a long time, under the leadership of the former president of the Brazilian Tourism Company (EMBRATUR), Miguel Colasuonno. He usually advocates emergency solutions for the problems of unemployment and hunger but believes they should emerge from a supraparty understanding. He is also connected with the PMDB in Sao Paulo.

Celso Furtado worked at the National Economic Development Bank /BNDE/ and in the Superintendency for the Development of the Northeast /SUDENE/ and was Joao Goulart's planning minister. Cassated by the 1964 revolution, he moved abroad, assuming a number of positions including that of professor in the University of Paris. He is a native of Paraiba, 64 years old. Furtado does not limit his work to the economic field alone, having made several sallies into political theory. He is in favor a much harder line toward the international financial community in negotiations for payment of the country's foreign debt. The three participants of the commission named by the Liberal Front are basically connected with the business area. Helio Beltrao, a native of Rio, 67 years old, was twice a minister in revolutionary governments. He occupied the Planning Ministry in the Costa e Silva government, created the Debureaucratization Ministry in the Figueiredo government, later heading Social Security from which he requested his resignation after waging a hard battle with Minister Delfim Netto, trying to get sufficient funds to cover the Social Security "gap."

Sergio Quintella is a 49-year-old businessman, very close to Vice President Aureliano Chaves. In 1982, after the Jari project was acquired by businessman Azevedo Antunes, Quintella was its director for a short period. He studied engineering and economics in Italy and the United States and at the present time is vice president of the Brazilian Basic Industries Association ABDIB.

Sergio de Freitas is a native of Rio, 41 years of age and is head of the foreign area of the Itau Bank, the president of which is Olavo Setubal, connected with the Liberal Front from the beginning and one of the founders of the Popular Party along with Tancredo Neves. His public career debut was with the then minister of planning, Roberto Campos, between 1965 and 1967, working with financial programming.

Tancredo Neves' Speech

Sao Paul O ESTADO DE SAO PAULO in Portuguese 12 Dec 84 p 24

/Text/ Following is the full text of the speech delivered by candidate Tancredo Neves:

The great task of my government by must be the resumption of economic growth that will need to result in the creation of new jobs, in better pay for the labor force and in a better distribution of national income. This resumption of the process of growth will not be sustained on a solid basis without a reversal of the inflationary process, ironing out the financial difficulties of the public sector, and maintaining the balance of foreign accounts.

The financing sources of the public sector already appear to be depleted. The tax load does not present much margin for increase and recourse to domestic debt must be limited because of the effect it has on the interest rate, which is already a heavy burden for the productive sector.

For that reason, I consider it important that the commission that is being installed today make a complete survey of the fiscal, monetary and state company budgets as well as a study of the situation of Social Security and the Housing Financial System in order that we may have a precise idea of the financial situation of the public sector in 1985. Any government program that does not take into account the available resources and the existing financial commitments runs the risk of coming up empty, becoming unfeasible and generating expectations that cannot be fulfilled.

The Brazilian foreign debt today amounts to approximately \$100 billion with substantial maturities in the next few years. The renegotiation of that debt demands a realistic position that does not pretend to ignore the minimal rules that govern international financial operations. In the meantime, the creditors will certainly recognize that a country with a population of 120 million people, with pressing social problems, cannot stop growing.

In order that it may continue to produce large trade surpluses necessary to balance our foreign accounts, an aggressive export policy which requires maintenance of a realistic exchange rate, is important.

The country's economic growth must be based predominantly on national savings but it has nothing to fear from the participation of foreign capital in the financing of projects that will contribute to expanding the supply of jobs, facilitating access to technological innovation, and increasing the national income and revenues from exports.

My government will accept foreign capital without any vestige of xenophobia, but it will not relinquish national sovereignty. Foreign capital must be viewed as a complement to and not as a substitute for national private enterprise.

It is important that the studies recognize the great participation which private enterprise must have in the process of development, stimulating its actions and at the same time seeking to contain the expansion of the presence of the state in the economic process, without that representing withdrawal of the public power and its companies and agencies from the activities that are within its exclusive or priority purview.

Whenever state intervention grows too much on the horizontal level, multiplying its activities, or tries to influence the decisions of the citizens and companies to an excessive degree, it loses efficiency and diserves its greater objective, which is to promote the public welfare and correct injustices; not to mention the risk of increasing the bureaucracy or the temptations of authoritarianism.

Growth must also be translated into recovery of the purchasing power of wage-earners, which will lead to an increase of demand by widening and strengthening the domestic market.

I have already had the occasion to declare that the development of the Northeast is not a regional problem but one of the main--if not the main--national problems.

In the Northeast are found the largest pockets of absolute poverty in the country, the highest rates of infant mortality, malnutrition and illiteracy. All of this represents a blot on the political sensibility and the competence of Brazilian administrations and can no longer endure.

The government program must be translated into determined support for agriculture, essential to guarantee our supply, exports and the level of employment. Brazil has abundant land and abundant manpower. Therefore, we have no reason to choose between agricultural production for the domestic market and the foreign market. On the contrary, Brazilian agriculture should produce both food and foreign exchange.

The strengthening of the federation, guaranteed by a greater political and financial autonomy of the states and municipalities, as well as a tax reform that may be the basic instrument for realization of the objectives of a social and economic policy, will contribute to reducing the regional and personal inequities, improving the distribution of the income produced.

Having in view these preliminary points, I ask the commission to devote itself to preparing the input for a government program of the Democratic Alliance which, in due time, can be the object of deliberation by the candidate and the political forces that support me.

The aforementioned program, in reality, must represent the unfolding of the "pledge to the nation" signed on 7 August, which institutionalized the Democratic Alliance and laid down the guidelines for our campaign.

It will not be an easy task.

In developing it, the commission will keep in mind the social concern that is at the root of my future government and that is really the basis of the Democratic Alliance campaign.

It will also take care to act with realism, proposing solutions that will keep within the limits of our financial resources, setting short, medium and long-term measures so that they may be feasible and respond in the best way and with a realistic scale of priorities to the yearnings of the whole nation.

Business Sector Proposals

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 12 Dec 84 p 23

/Text/ Businessmen in Sao Paulo declared yesterday that the guidelines established by candidate Tancredo Neves for the work of the joint commission reflect the main points raised by representatives of private enterprise in the discussions held in various states. The item considered most important was the complete survey of the fiscal, monetary and state company budgets and the situation of the National Housing Bank /BNH/ and Social Security.

According to businessman Dilson Funaro, the commission's policy reflects what had already been presented in Tancredo Neves' speeches in various places regarding national problems, such as the question of agriculture in Rio Grande do Sul. Funaro, who participated in the discussions on agrarian and economic policy, considered that the guidelines must now be discussed and delved into in order that an economic policy that reconciles the various points of view may be drawn up.

In the opinion of the businessman, the major point was always the general survey of the country's economic situation and he indicated as essential premises in the process defining the performance of the productive sector, the intervention of the state in the economy and growth through national savings. With regard to foreign capital and private enterprise, Funaro declared that he would designate these points with the same focus given them "because that is what Brazilian society wishes."

"How To Implement Them?"

In Rio, the representative of the National Association of Open Market Institutions /ANDIMA/, Carlos Brandao, considered the basic lines of Tancredo Neves' economic policy "well stated" but he asked for a better definition of the manner in which they will be implemented.

Among the points that called for greater explanation, he cited inflation, the public deficit and mainly the domestic debt, "because in not being taken up by

members of the commission charged with studying the economic program of the candidate for the presidency, we are left with the impression that the subject, of great importance to the financial system, is being shunned."

Even while considering Tancredo's guidelines valid, Brandao, who was the first president of the Central Bank in the Figueiredo government, warned that "if there is not a very well-framed economic policy, inflation in 1985 will be over the 220 percent rate expected for 1984. He based his negative prediction on the similarly negative results of the performance of the economy last November.

"National Aspirations"

Businessman Ruy Barreto, president of the Confederation of Commercial Associations of Brazil, declared in Rio yesterday that all of the guidelines expounded yesterday by Tancredo Neves for his government program "summarize the great national aspirations and reflect all the segments of Brazilian society."

Nevertheless, Barreto regards as basic to the success of those guidelines measures in the legislative area, such as the decentralization of economic power currently concentrated in the federal government. "All of the measures proposed by Tancredo Neves must be accompanied by an economic opening," he emphasized.

Ruy Barreto believes that to the extent that he simultaneously attacks all of the points defined yesterday, the candidate will achieve in his administration the decline of inflation, the resumption of economic growth, the re-establishment of the level of employment and the absorption of new manpower entering the labor market.

8711
CSO: 3342/61

CIRM COORDINATOR SURE OF CONTINUED FUNDING FOR ANTARCTIC

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Nov 84 p 13

[Text] Porto Alegre--In Porto Alegre yesterday, the scientific coordinator of the Interministerial Commission for Ocean Resources (CIRM), Naval Captain Emmanuel Gama de Almeida, appeared enthusiastic over the results already obtained by Brazil in its Antarctic Program and with the prospects that will open up with the new research and the permanent presence of Brazilian technicians in the region beginning in the summer of 1986. He appeared convinced that funds will not be lacking for the program under the new government not only because of its great importance but because it requires very small investments compared to many other public expenditures. The ship "Barao de Teffe" continues to be bound for the Antarctic where it will arrive in December.

Captain Gama de Almeida, who will give a talk today as part of the Administration of Ocean Resources course sponsored by the Federal University of Rio Grande do Sul, observed that in the current research mission in the Antarctic, which will last until April, the knowledge already acquired in various areas during the two previous trips will be broadened.

He stressed, for example, that the atmospheric research will provide more information about telecommunications in the area and data for space programs; the research on animal species such as the krill will supply data for the rational exploitation of the enormous proteinic potential of the region; the meteorological research will aid in forecasting the weather in Brazil; in addition, more possibilities of confirming the mineral resources of the Antarctic will open up.

In the view of the CIRM scientific coordinator, Brazil unquestionably made great strides in its 2 years of the Antarctic program. "We have already achieved our inclusion as permanent members of the Antarctic Treaty and the Scientific Committee of Antarctic Research, which enables us to discuss the future of the Antarctic on an equal footing with all of the other countries." In addition to that, the Brazilian research conducted in the region will be included in international magazines, "which is a fantastic result."

Captain Gama de Almeida observed also that beginning in 1986, when researchers will participate in a 1-year mission, the Brazilian presence in the region will be permanent. That will not only make it possible to speed up the collection of knowledge but will also permit greater precision of all conclusions through the constant monitoring of the phenomena.

In 1983 and 1984, the Brazilian Antarctic program consumed very modest funds, about 2.5 billion cruzeiros. The Brazilian station installed on King George Island last year "cost only the price of an apartment in Brasilia: 120 million cruzeiros," commented Almeida. The adaptation of the navy ship "Barao de Teffe" for the Antarctic missions was also very cheap, about \$3 million, whereas a new ship costs no less than \$50 million. In view of these low expenditures of funds and the great importance of the program for the country, the CIRM scientific coordinator appeared completely confident about the maintenance of the Brazilian Antarctic program by the new government to be inaugurated on 15 March.

Meanwhile, Captain Emmanuel Gama de Almeida is going to speak today as part of the course of the Federal University of Rio Grande do Sul on the National Coastal Management Plan, which seeks to regulate the use and occupation of the whole coastal zone, preventing its depredation. At the present time, the bill from the executive branch is moving through the technical committees of the Chamber of Deputies, and Gama de Almeida believes it will be voted on by mid-1985.

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JOURNALIST ON ARMS EXPORT DATA INACCURACIES

Brasilia CORREIO BRAZILIENSE in Portuguese 20 Dec 84 p 20

[Article by Celilia Plese]

[Text] Sao Paulo--With rare exceptions (and they are so rare that they can be counted on the fingers of one hand), when reporters are assigned to do a story on the arms industry in Brazil, the great majority of them run into practically insurmountable difficulty: the lack of information. It is not that it does not exist. The problem is that it cannot be published. Not even with the promise of not revealing the sources. The cloak of secrecy that shrouds the subject is inexplicable considering that it is a sector that is responsible for the generation of more than 120,000 direct and indirect jobs and that accounts for approximately 4 percent of the Gross Domestic Product (GDP).

Reporter Roberto Godoy of O ESTADO DE SAO PAULO and a specialist on the subject justifies that attitude, arguing that, like the Israeli Government, the Brazilian Government has a strange modesty about admitting the potential of the arms industry installed in the country. However, its impact on the Brazilian economy is unquestionable, he points out, since the surpluses shown by the trade balance lately are not falling from heaven. A good part of their results must be credited to the arms sector, the performance of which appears in diluted--or rather, disguised--form in the statistics computed by the Foreign Trade Department of the Bank of Brazil (CACEX). The major part of the military vehicles exported, for example, is accounted by the description of their components. Thus, many times the category "pipes" may be hiding the sale of cannons and the item "semi-finished machined plates" may mean tanks.

The obsession with secrecy reaches such a point, relates Godoy, that some time ago, to test the degree of reliability of the data she was receiving from experts of the Trade Promotion Department of the Foreign Ministry, a researcher from New York University decided to introduce herself in English despite the fact that she spoke and understood Portuguese perfectly. In that way, she succeeded in ascertaining that she was being deceived with a supply of fraudulent information which would not stand up to a closer check. The experts themselves admitted it among themselves, deceived by the innocent appearance of the American girl.

In any case, the volumes marketed by the country are duly monitored because no weapon officially leaves Brazil without the endorsement of the authorities

of that sector. In addition, it would be inadmissible for a country to have a catchall box to take care of what could be called "miscellaneous items." Nevertheless, for both Brazil and Israel, which incidentally is its biggest competitor in that sector, the political connotation inherent in the matter of arms sales seems to be difficult, hard to bear. It is for that reason that every time the conclusion of a contract with Iran, for example, is announced, the Foreign Ministry hastens to deny the fact, knowing that the diplomatic representation of Iraq will inevitably protest, Roberto Godoy emphasized. Another aspect to consider is that of the possibility of effecting three-way transactions (in which Libya is an expert) or in the case of the signing of what is called a "certificate for final use" for the eventuality of one country granting to another country, in the form of military aid, material that it purchased from Brazil. Godoy confirmed that Togo today has five or six Cascavel-model vehicles but that country has never had that type of contract with Brazil. Logically, it received them from somebody (probably Libya).

While Brazil may be the fifth arms producer in the world in terms of volume, in value it is still well below the figures attained by the highly industrialized countries and traditional suppliers of this type of product. The United States alone currently sells about \$80 billion worth of arms just to Third World countries. The question is that the Brazilian product is much cheaper in comparison with its competitors in the international market. The most expensive item being marketed is the Tamoyo [battle tank] used in ground force attacks and its cost does not exceed \$2 million. The military version of the Brasilia is estimated to cost only \$7 million while an American fighter does not leave the factory for less than \$21 million.

After confronting a critical phase between 1981 and 1982, when it was beginning to be believed that only the three big industries in the sector (Specialized Engineers Corporation (ENGESA), Brazilian Aviation Corporation (AVIBRAS) and the Brazilian Aeronautics Company (EMBRAER)) would survive, the Brazilian arms industry consolidated itself and has now become irreversible. "It was a bad reading by the analysts," declared Godoy, "because that sector, which is part of the capital goods area, does nothing but grow. While the whole segment has been declining at around 3 to 4 percent per year, the military part shows an increase of 13 to 14 percent per year, which, if added to the losses in the sector would really reach the level of 20 percent."

Perennial

The arms business is a perennial one but, like the pharmaceutical and electro-electronic industries, it is also extremely perishable. The catalogs that usually bring the latest developed items are normally quite outdated when they get to the hands of the interested parties and their appendices many times comprise a volume as thick as the original catalog. The French Exocet missile project is typical and proves that. Although it took 10 years to complete and 5 years to market, it will already be discontinued in 1988 because it will no longer meet the needs of the market. The Brazilian Cascavel itself is another case because it is already in its fifth version.

This year, the approximately 350 Brazilian companies that operate in the sector will account for exports of approximately \$1 billion, 80 percent of which

concentrated in the hands of the three big manufacturers. That figure is less than the one reached in 1983, but that is explained by the fact that the arms production cycle is 18 months on the average. The year when the products are being manufactured is always lower in terms of sales than the year of delivery. Two years later, therefore, the results will be infinitely greater than the already positively satisfactory ones achieved in the earlier phase.

It is estimated that contracts in the amount of approximately \$3.5 billion have been concluded in 1984 but, of that amount, \$2.5 billion worth will only come into the country in 1985 and 1986. But the situation is different in the domestic market. "The armed forces are not good customers," says Roberto Godoy, which is justified in terms of what they term "a restricted doctrinal matter." In the view of the Brazilian military, it is good to have an efficient mobilization capability but that does not mean that we should have stockpiles. In Argentina, where there was not this type of concern, the Malvinas War lasted 1 month because of the impossibility of replacing lost material.

This year the big delight of the national arms industry was the debut of the Astros-II, a multiple rocket launcher. So far, however, domestic purchases of the equipment have not been determined. But it should be remembered that in case of emergency, the orders placed by foreign countries are automatically canceled and the items that are ready are transferred to the Brazilian forces, although at the present time domestic consumption represents less than 5 percent of the country's total production.

That capability is also relative because it depends on the volume of orders. Theoretically, according to Roberto Godoy, ENGESA could produce eight tanks per day but everything depends on the configuration of the contracts. The most sought-after products at the present time are the wheeled Cascavel light combat vehicle, the Astros-II and the AVIBRAS' air-to-ground rockets. Running close behind is the Tucano, produced by EMBRAER, which for each Bandeirante sold signs contracts for a minimum of 30 of the antiguerilla version of the Tucano. The smallest order the company has received thus far was for 12 units. But if the bid opened by the Royal Air Force, in which EMBRAER is participating, proves to be positive for it, its volume of sales will be very significant.

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NEVES VIEWS PARTY REFORM AS PRIORITY OF FUTURE GOVERNMENT

Rio de Janeiro O GLOBO in Portuguese 6 Dec 84 p 3

[Text] Brasilia--Democratic Alliance candidate Tancredo Neves told O GLOBO yesterday that party reform will be one of the first priorities of the future government, as political events themselves are demonstrating. However, he did not want to make a prediction about the number of parties that will be created, alleging that it is circumstances that determine the creation of new political organizations.

Tancredo Neves said later during a press conference that his party, the Brazilian Democratic Movement Party (PMDB) "has always fought for party freedom, believing that all those political groups that are in a position to become parties should do so," and will always have his support and solidarity. In Tancredo's view, that is the case of the Liberal Front itself. He hinted that at such time as the front becomes a party, it will be able to effectuate its demands with greater force.

He denied that the federal bloc of the PMDB with which he met at a luncheon on Tuesday had made any demand for positions in the future government. He said the Sao Paulo bloc expressed concerns of a party nature.

Yesterday, in one of his most relaxed days of the presidential campaign, Tancredo Neves spoke informally to newsmen several times, about different subjects. He reviewed his position in terms of votes in the Electoral College, predicting that he now has almost 450 votes.

"This was a very promising week. You cannot imagine what a rain of votes: there were 6 in Parana, 12 in Minas, and a few others in various states," he observed.

"But do you still need more votes to be elected?"

"There are never too many votes," replied Tancredo, as he waited for his car at the door of congress, where he had gone to attend the wake of former Deputy Bento Goncalves. As he was reviewing the new votes for the newsmen, Tancredo saw Malufist Deputy Natal Gale (Social Democratic Party (PDS) for Sao Paulo) enter the congress and pointed him out to the newsmen:

"That one also has just formalized his support."

Already in his office, Tancredo received the formal support of Deputy Lazaro de Carvalho (PDS, Rio de Janeiro), who visited him in the company of Deputy Leonidas Sampaio (PMDB, Rio de Janeiro). Later, he received the visit of a group of opposition deputies who had come to intercede on behalf of the readmission of Brazilian Petroleum Corporation (PETROBRAS) employees. Tancredo singled out Deputy Airton Soares with a question (the night before, the latter had left the leadership of the Workers Party (PT) in order to be able to participate in the assembly of the Democratic Alliance in Sao Paulo):

"So, Airton, you did not manage to stay in the leadership any longer?"

"It didn't work, Mr President. You know why," replied Airton.

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PROGRESSIST FRONT DOCUMENT TO CALL FOR REFORMS

Brasilia CORREIO BRAZILIENSE in Portuguese 6 Dec 84 p 7

[Article by Zanoni Antunes]

[Text] A manifesto to the nation prepared by a bloc of Progressist congressmen will be issued next Sunday. With the official launching of its manifesto, the bloc is seeking to become the channel of popular demands, which it will express through bills in the national congress. The bloc, still without a definite name (it may call itself Progressist Front or Popular Socialist Movement), also intends to prepare a list of proposals for the transition, through the modification of legislation, both common and constitutional law.

In the meantime, its members make it clear that the group being formed does not propose to be an opposition to the Tancredo Neves government, in the event that he should become the next president of the republic. The bloc, which has been meeting in Brasilia, has as its coordinators Deputies Jarbas Vasconcelos and Francisco Pinto of the PMDB, Saturnino Braga, senator for the Democratic Workers Party (PDT) and Airton Soares, deputy for the Workers Party (PT). According to Airton Soares' estimate, the bloc is comprised of about 50 or 60 congressmen who believe that the transition period will have to be based on a political pact under the direction of Tancredo Neves and supported by conservative, liberal and socialist forces, which should work for the return of Brazil to constitutional law.

The creation of a Progressist bloc to influence the political transition process stemmed from the awareness of the fact that the forces committed to the popular movements were shunted aside more and more in the new political look that is being delineated for the country, with the consequent loss of terrain for the congressmen who are members of the Liberal Front.

In the manifesto that will be issued in Brasilia, the congressmen who are members of the bloc are going to emphasize that the movement being formed should have a strong influence in that period of transition in the sense of carrying social progress forward. They will declare also that they do not seek positions in the government but want to participate in preparing the courses that are laid out for Brazil.

On the day the manifesto is issued, it will be accompanied by another document containing a broad study of two topics: institutional reform and socio-economic

reforms. In the first item will be included the immediate revocation of current party legislation with a view to establishing the broadest freedom of party organization; the immediate setting of the duration of the transition president's term; and support for convening a free and sovereign National Constituent Assembly to be elected in November 1986.

In the second item, the longer one, the document will advocate implementation of the land statute; changes in farm policy; reform of labor legislation with a view to union autonomy and the broad right to strike, as well as the revision of the minimum wage to equate it with the worker's needs; quarterly readjustment of wages on the basis of the full cost of living index.

With regard to the inflationary process, the document will advocate a policy of fighting inflation that checks financial speculation, with reduction of the cost of service of the domestic debt. It will also advocate the sovereign renegotiation of the foreign debt in accord with national interests, as well as resumption of economic growth.

Other points that are going to be included will be: social security reform; strengthening the democratization of the state companies; broadening state participation in the banking sector; and revision of the whole housing policy, to be immediately discussed and voted on by the national congress. Finally, the document advocates the preservation of forestry resources and defense of the environment, and exaltation of national culture in all of its sectors.

The Progressists also plan to bring the movement to the widest and most representative sectors of society through unified action. On the congressional level, the bloc plans to play a strong role at the level of the Chamber of Deputies' plenary sessions, with several congressmen present every day.

According to the leader of the PDT, Deputy Brandao Monteiro, who is also a member of the Progressist bloc, the congressmen will travel all over the country to learn the popular demands and the topics of national interest on the spot. In the course of that activity, according to him, they seek to learn, for example, about the situation of the dayworkers, cane-workers, the victims of the Northeast drought, the situation of the Brazilian nuclear program with a visit to the Angra dos Reis atomic plant in Rio de Janeiro.

Deputy Airton Soares said that the bloc should have about 60 parliamentarians in congress, 5 of them in the senate. Airton explained that that group should number more than 100 parliamentarians because he considers that although many parliamentarians may not wish to participate in the bloc openly, they will be ready to vote on bills of the greatest interest to the Brazilian population. The Progressists today come from the PMDB, PDT, Brazilian Labor Party (PTB) and the PT. So far, no congressman from the Social Democratic Party (PDS) has joined the program.

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NEVES INTIMATES NAME FREQUENTLY CITED CABINET CANDIDATES

Brasilia CORREIO BRAZILIENSE in Portuguese 5 Dec 84 p 4

[Text] Deputy Thales Ramalho (Social Democratic Party (PDS) for Pernambuco) is the name most mentioned to occupy the office of chief of the Civilian Household in the eventual Tancredo Neves government, while the designation of economist Jose Serra, planning secretary in Montoro's government, as future minister of planning is regarded as certain, according to a Minas politician who is close to the Alliance candidate.

In circles connected with the former governor of Minas, it is confirmed that the minister of the army will be General Leonidas Pires Goncalves, the present commander of the 3d Army, while General Reynaldo Melo de Almeida will be the choice of the future president as chief of the National Intelligence Service (SNI) with the mission of transforming it into a strategic intelligence agency, eliminating its political police aspect.

Mystery

Whenever he hears speculation about the future cabinet, Tancredo tries to be very circumspect, reiterating his point of view that that is a matter to be examined only after 15 January, when he expects to be elected president of the republic.

Those who are close to him believe that Deputy Thales Ramalho is the strongest possibility to occupy the office of chief of the Civilian Household of the presidency because he has a long acquaintanceship with Tancredo in the chamber going back to the time of the Brazilian Democratic Movement (MDB), and he knows the majority of the members of the Brazilian Democratic Movement Party (PMDB), facing a few problems only among the more radical.

The Planning Ministry has already been reserved for economist Jose Serra, Montoro's planning secretary, and it is believed that Sao Paulo will win still another portfolio, probably the Ministry of Finance. The name most mentioned continues to be that of former prefect Olavo Setubal, even among the future president's intimate circles.

Joao Agripino may occupy one of the ministries reserved for the Northeast, possibly returning to the Ministry of Mines and Energy. But the Ministry of Justice is still a question mark although the professors and former Senators

Paulo Brossard and Josaphat Marinho continue to be mentioned. Always associated with the "chimangos" of Júlio de Castilho, with the Laborites of Rio Grande do Sul, Tancredo never had much affinity for Paulo Brossard.

As for the Foreign Ministry, the names of former deputy and retired Navy Commander Renato Archer--submitted by Deputy Ulysses Guimaraes--and Ambassadors Paulo de Tarso Flexa de Lima and Mario Gibson Barbosa, who served in the office of former Foreign Minister San Thiago Dantas, in addition to that of Ulysses himself, continue to be mentioned.

Senator Marco Maciel will surely occupy a ministry that has regional agencies in the Northeast under its jurisdiction, since the candidate's desire to dismember the Ministry of Interior within the framework of a reorganization of the government machinery has been confirmed. The structure of the Ministry of Interior is considered gigantic by the Democratic Alliance candidate and some of his principal aides and advisors.

There are many candidates for the Ministry of Education but the preference of the former governor of Minas is not known.

In the PMDB, there is Deputy Carlos Santana (PMDB-Bahia), who faces some obstacles because he belongs to the group of former Governor Roberto Santos, who is fighting against the Antonio Carlos Megalhaes wing. Like the former governor, Antonio Carlos is also aware of his difficulties in getting the ministry in view of the reaction that it would arouse in the Bahia PMDB.

There is still the name of the São Paulo Deputy Israel Dias Novaes, a member of the São Paulo Academy of Letters and a highly regarded intellectual within the party. If Tancredo should reserve a ministry for Minas, it would be the Ministry of Education and it would be for the present secretary of education, Otávio Elísio, whom Tancredo Neves considers competent and talented.

The minister of the army should be General Leonidas Pires Gonçalves, commander of the 3d Army who, since the beginning, adopted a sympathetic position toward the Alliance candidate in a pioneer way among military circles. As for the communication channel that Tancredo established with Army Minister General Walter Pires, that was due to the work carried out by Justice Luiz Octavio Gallotti (of the Federal Supreme Court), a native of Minas who is related to General Pires on his mother's side.

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RIO FIRMS MANUFACTURE 10 PERCENT OF TOTAL ARMS EXPORTS

Rio de Janeiro O GLOBO in Portuguese 21 Oct 84 p 28

[Text] The Saudi mission that was in Brazil recently asked the FI firm in Campo Grande, Rio de Janeiro to establish a subsidiary in Saudi Arabia. The Tupan Chemical Company of Nova Iguacu has received a similar invitation from an Asian country, and the CBV, which produces a 40mm gun, is completing the making of a 155mm gun.

Ferranti manufactures computers for the navy in Bonsucesso. The Navy Arsenal has exported patrol boats to Paraguay, and the MacLaren Shipyard has sold patrol boats to Chile. That describes Rio de Janeiro's arms industry, which is not well known but which now accounts for 10 percent of Brazil's arms sales.

There are too many shipyards, but the other arms firms in the state are experiencing increasing growth--practically doubling their exports every year. Some businessmen feel, however, that repeal of the general export incentive (the credit-premium allowed under the IPI [Manufactured Goods Tax]) may reduce Brazil's ability to compete. They claim that the country is not a traditional seller of arms--it is able to sell them because of price and quality control, which is guaranteed by the Armed Forces.

Businessmen not wishing to be identified express criticism of the government. They say there is too much bureaucracy, since each arms sale must be explicitly authorized by the president of the republic. They also say that the importation of parts incorporated into export products ("drawback") is too slow. The other criticism concerns the veto by the Ministry of Foreign Affairs of sales to South Africa and Iran.

The FI is a very special firm. It occupies land owned by the Ministry of Navy in Campo Grande, but it is a private firm controlled by businessman Alvaro Goulart, a reserve officer in the navy. The "F" in its name comes from FRIMAC, the firm's former name, while the "I" stands for the ITS. The ITS is no longer a partner, but the name has remained: FI. Eighty percent of the equipment used by the firm belongs to the ministry, which has assigned it to the firm, and the firm is committed to selling to the ministry at below international prices.

The FI employs 450 people. Its contract with the ministry is like that governing stores in shopping centers: the navy takes a percentage of the billing, and

since exports now account for 60 percent of the firm's sales, "the ammunition bought by the navy grows cheaper with every day that passes," emphasizes sales manager Marcos Poggi. The army also buys ammunition from the FI. In addition to exporting directly, the FI sells items to ENGES [Specialized Engineers, Inc.], where they become part of the voluminous exports by that Sao Paulo firm.

The FI manufactures ammunition for guns of from 35mm to 155mm. Great Britain is the only country besides Brazil to produce ammunition for the frigate guns, for example. Recent tests by the navy showed good results for the Brazilian ammunition in comparison with the British product, according to the FI's managers.

Because it is an arms firm, the FI has some interesting stories. Recently, a country in South America and one in Africa asked it to produce ammunition for Soviet 100mm guns. The reason was that because of political changes, the Soviet Union had placed restrictions on the delivery of ammunition. The FI made those exports.

President Figueiredo will visit the FI in November [1984] to inaugurate the explosives loading section, which will be the first in South America.

Adrianopolis, a neighborhood in Nova Iguacu, is home to the Tupan Chemical Company, which has been in existence for 28 years but only recently shifted its priority from hunting equipment to the arms industry--with good results. The Saudi mission that was in Rio de Janeiro had sent a special group 2 months earlier to test the firm's products.

Tupan's main products include an antitank mine, which blows up vehicles and tanks passing over it but does not explode from the weight of a man on foot, and an antipersonnel mine, undetectable by the usual equipment, which explodes when someone steps on it, the objective being to cause casualties and cause troops to lose their nerve. Another product that sells very well is the smoke grenade, which is used on ENGES's tanks. This grenade produces a thick curtain of smoke allowing the tank that launched it to leave the area and find a better position. This grenade has seen a lot of use in the deserts of the Middle East, according to the chairman of Tupan, Omar Wanderley Prisco. Iraq bought 60,000 of these grenades and has already ordered 60,000 more. The firm is concluding its program for an offensive-defensive grenade and five more types of mines based on Belgian technology that has been adapted by Brazilians.

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OCTOBER UNEMPLOYMENT RATE LOWEST OF 1984

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 84 p 34

[Text] Rio de Janeiro--The unemployment rate in October was the lowest this year, according to an announcement yesterday by the Brazilian Institute of Geography and Statistics [IBGE]. The average unemployment rate in six metropolitan areas stood at 6.48 percent. For an economically active population of about 50 million people, that represents approximately 3.2 million unemployed. The number of unemployed declined particularly in Sao Paulo, which also reported its lowest level for the year.

According to data provided by Jesse Montello, chairman of the IBGE, the unemployment rate was 6.62 percent in Rio de Janeiro (up slightly), 5.93 percent in Sao Paulo, 6.06 percent in Porto Alegre, 7.41 percent in Belo Horizonte, 8.44 percent in Recife, and 7.18 percent in Salvador. In overall terms, the average unemployment rate was down from September, when it stood at 6.77 percent. The percentage of previously employed persons looking for work was also the lowest for the year at 5.7 percent.

Unemployment rates were also down by sector of activity, with significant drops in industry, trade, services, and construction. And the average time spent looking for work was down in the metropolitan areas of Recife, Sao Paulo, and Salvador, with the two latter areas recording their lowest figures for 1984. In Salvador, the average time spent looking for work dropped from 26.43 weeks in September to 18.97 weeks in October. In Sao Paulo, it dropped from 16.7 weeks to 15.24 weeks.

The percentage of self-employed persons rose slightly in October to 16.56 percent, according to the IBGE's data. Persons who were self-employed without compensation totaled 1.25 percent of the economically active population. There was a drop in the overall average percentage of self-employed persons earning less than the minimum wage for the period in question--from 6.59 percent of the economically active population to 6.33 percent. That percentage declined in Rio de Janeiro, Recife, and Salvador and rose in Sao Paulo, Porto Alegre, and Belo Horizonte.

Rate of Open Unemployment by Metropolitan Area in 1984
(Persons 15 years of age and over)

Month	Metropolitan area (percent)						Average rate (percent)
	Rio de Janeiro	Sao Paulo	Porto Alegre	Belo Horizonte	Recife	Salvador	
January	6.48	7.89	6.28	8.98	8.10	7.57	7.45
February	6.77	8.09	7.37	9.29	9.07	8.12	7.82
March	7.32	7.51	9.02	8.57	9.53	7.87	7.81
April	7.33	7.49	8.19	8.94	8.59	7.86	7.71
May	7.76	7.95	8.56	9.72	10.18	8.94	8.28
June	7.12	7.20	7.91	8.73	10.13	7.62	7.57
July	6.89	6.78	7.51	8.08	10.21	8.46	7.29
August	6.88	6.95	7.04	8.20	9.76	8.66	7.32
September	6.45	6.38	6.06	7.71	9.61	7.80	6.77
October	6.62	5.93	6.06	7.41	8.44	7.18	6.48

Sao Paulo

Sao Paulo's processing industry added 1,450 workers in the second week of November for a rise of 0.09 percent in the Industrial Employment Indicator. That increase brings the accumulated rate of new hires to 0.36 percent for the month and to 5.68 percent for the period from January until now, reflecting the re-hiring of 5,850 workers in November and 90,500 between January and the middle of this month. Despite that recovery, the employment level in comparison with December 1980 still shows a drop of 17.89 percent, representing 360,300 persons who have not yet been rehired despite the economic recovery. This year, January was the only month showing a drop in the level of industrial employment.

According to data released yesterday by the Department of Statistics of the Federation of Industries, a survey of 620 firms that was conducted through the employers' associations revealed positive performance in 15 sectors, negative performance in two sectors, and stability in 12 sectors. Among those showing a rise in the employment level, the most significant were glass and crystal (0.46 percent), wire drawing and rolling of ferrous metals (0.38 percent), and raw materials for insecticides and fertilizers (0.25 percent).

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COOPERATION WITH PRC IN SPACE SECTOR INITIATED

Sao Paulo O ESTADO DE SAO PAULO in Portuguese 27 Nov 84 p 2

[Text] Rio de Janeiro--On his departure yesterday for Beijing, Armed Forces Chief of Staff Waldir Vasconcelos said that Brazil and China are to initiate cooperation in the space sector, thus enabling Brazil to absorb high technology in that area. This will be the first time that China has cooperated with Brazil in the space sector, which is considered strategic and which, for that very reason, is never easily accessible.

The minister said that the Chinese Government is genuinely interested in transferring high technology in the space sector in Brazil, with the result that experts from the two countries are going to carry out research of joint interest. In fact, cooperation with China provides an opening for development of the Brazilian Space Program.

As a matter of fact, Gen Waldir Vasconcelos is going to Beijing in his capacity as chairman of the Brazilian Commission for Space Activities (COBAE) at the head of a delegation that includes Air Force Gen Hugo de Oliveira Piva, director of the Aerospace Technology Center, Col Lauro Eduardo Pinto, director of the Space Research Institute, and Nelson Parada, director of the Space Research Institute [as published].

Learning With the Chinese

To illustrate the development that the Chinese have already achieved in the space sector, Gen Waldir Vasconcelos mentioned that China has launched 15 satellites and that it placed a "geostationary communications satellite" in orbit in April. According to the minister, Brazilian-Chinese cooperation in the space sector is to start in 1985 with the stationing of a Brazilian technical team in China--and of a Chinese team in Brazil.

The general acknowledged that there are some areas in the field of satellites in which Brazil may transfer technology to the Chinese, but this is not true as regards the rocket sector, in which they are already quite advanced. Brazil will attempt to absorb that technology.

The general also said that "implementation of the cooperation with China will be a further development of agreements reached between the two countries, and

it may result in technological benefits for both." Cooperation will enable the Brazilian Space Program to progress at a pace more in keeping with national needs, mainly because the country will not be starting from a point at which the absorption of technological know-how would be more complex. Instead, it will be starting with a successful space program of its own that even calls for the launching of a satellite by the end of this decade.

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BRIEFS

TRADE DECLINE WITH USSR--Trade between Brazil and the Soviet Union declined by 43.8 percent during the first half of 1984. According to Mario Pacheco, chairman of the Mapa Company--and the only Latin American businessman to have an office in Moscow--trade is in a downward trend because Brazil has not been granting the Soviets reciprocity: it buys little and sells a lot. In 1983, Brazil's purchases totaled \$164 million, while its exports totaled \$669 million. "Brazil cannot afford to lose a market of 280 million people," says Pacheco, who is asking authorities for a more liberal policy on buying and selling so that trade with the USSR will not end altogether. He also recalls that the USSR does not pay through agreements or barter: it pays immediately and in dollars. Pacheco says that if the Soviets are to continue buying from Brazil--and the trade balance has been favorable to Brazil for many years--they want to sell machinery in general, helicopters, ferry boats, and heavy equipment such as turbines (those used at Capivari and Sobradinho are Soviet). They purchase soybeans, sugar, and chicken. He adds that many of Brazil's exports to the Soviet Union are recorded as going to other countries, "since it is trading companies which buy the products and then resell them there" at a good profit. In Pacheco's opinion, trade and ideology do not mix: he points out that even though Argentina boycotted the Moscow Olympic Games in 1980, it exported 1.5 million tons of grain that same year at a very good price. "Brazil needs to be more practical in commercial matters and to buy from those who can buy from it." [Text] [Rio de Janeiro O GLOBO in Portuguese 21 Oct 84 p 33] 11798

BIOGAS TECHNOLOGY PROGRAM--From now on the small farmer will be able to use the gas produced on his own property to operate machinery. The process is not very complicated: all the farmer has to do is use the biofertilizer--a byproduct resulting from use of a biodigester--that is currently wasted. Adolfo Nunes Correa, director of EMBRATER [Brazilian Rural Extension and Technical Assistance Enterprise], told the EBN [BRAZILIAN NEWS AGENCY] yesterday that this is the new technique that EMBRATER intends to disseminate to improve the productivity and economic situation of small farmers. He said that the program for using biogas has been under development in Brazil for 4 years and that 7,500 stations now exist in the country. The program consists of using methane gas more suitably on rural properties. He said: "Injecting methane gas into a cylindrical tank containing activated charcoal and located on the mudguard of a low-pressure tractor can increase its capacity by up to 56 percent." Adolfo Correa explained that EMBRATER has been conducting studies to discover alternative energy sources ever since conventional energy became expensive. "We needed to analyze Brazilian

reality," he said, explaining that according to the agricultural census of 1980, 60 percent of farm properties use human labor, while 40 percent use animal traction or motorized traction. He concluded: "We found that the country's most productive grain regions--the South and Southeast--account for between 85 and 90 percent of the motorized traction equipment, along with animal traction. So we need to develop agriculture in the rest of the country by advocating the use of animal traction equipment by small farmers who use only human labor and motorized traction by those who use animal traction." [Text] [Sao Paulo GAZETA MERCANTIL in Portuguese 6 Nov 84 p 13] 11798

COMPUTER EXPORTS TO PRC--Brazil has begun a "love affair" with China with a view to exporting computer equipment and services to that country. The secretary of the Special Secretariat for Informatics (SEI), Edison Dytz, is in China trying to sell the largest possible number of computers and their peripherals to the Chinese, and perhaps even a "ready" communications sector factory, the SESA. Didier Vianna, former president of the Brazilian Association of the Computer and Peripheral Industry (ABICOMP), who was in China recently with a group of Brazilian businessmen, returned home skeptical about the possibility of selling equipment: "They have the city of Hong Kong, a British colony enclave in their territory, which sells computer from all over the world at prices lower than those of Brazil." In the meantime, Didier Vianna did not discount the possibility of Brazil maintaining a greater technological exchange with China, especially in the microelectronic sector where, according to the former president of ABICOMP, the Chinese are more advanced than the Brazilians. The prospect of the sale of "ready factories" is also very good, Didier Vianna asserted, although he did not get to talk about the volume of business. [Text] [Brasilia CORREIO BRAZILIENSE in Portuguese 2 Dec 84 p 20] 8711

CSO: 3342/59

FISHING COMPANIES' SALES, PROFITS DOWN FROM 1983

Santiago EL MERCURIO in Spanish 8 Nov 84 p B-2

[Text] The seven largest fishing companies whose stocks are traded on the Stock Exchange earned a total of over 3.2 billion pesos.

This was revealed in the statements of results sent by these companies to the Superintendency of Securities and Insurance, in which they sent the results of the first nine months of this year.

The figures show that the best results were from Coloso, whose profits reached \$1.191 billion. In spite of the size of that figure, we see a decline compared to the same period in 1983, when profits were \$1.386 billion.

An important factor in the decline of profits is the sharp drop in sales, which in real terms (pesos of equal value) were practically half those of the same period a year ago. This is due to the fact that the company's operational results dropped from \$2.661 billion to \$1.742 billion.

Coloso's results are followed by those of Indo, whose profits reached \$906 million, a decrease of over \$500 million in relation to the same period in 1983. The loss can also be explained in this case by the substantial decrease in sales.

Next highest profits were the \$776 million earned by Pesquera Eperva, a figure that also shows a decline relative to the first nine months of 1983. In this case the drop in sales was even more pronounced, as it was over 50%.

In the case of Sopesa, profits reached \$395 million. It must be recalled that this company merged with Alimar at the end of last year, so that results cannot be compared.

Pesquera Iquique was at a slightly lower level, with profits of \$336 million, down from the \$412 million for the January to September period in 1983. In this case, sales levels were practically unchanged, and moreover, this company was able to improve its operating results by more than 7 percent in real terms.

Finally Chilemar showed profits of \$157 million. In this case, as with the others, it suffered from the decline in sales for the sector.

Company with a Loss

The only company showing a loss in the fishing sector is still Tarapaca, which is facing a significant financing burden.

Its losses during the first nine months were \$468 million, an advance relative to the same period in 1983. On the other hand, on the operational level, it showed earnings of \$289 million, a figure higher than that in the period under comparison.

8587

CSO: 3348/141

CORFO SETS UP RISK FUND TO AID SMALL BUSINESSES

Santiago EL MERCURIO in Spanish 9 Nov 84 p C-1

[Excerpt] The Minister Vicepresident of the Production Development Corporation (CORFO), Brig Gen Fernando Hormazabal, announced yesterday that before the end of the year a risk fund to aid small businesses will be implemented.

The spokesman explained that the initiative, which is under study by the World Bank and other organizations, will enable CORFO to supply capital to industries that need it and lack the necessary guarantee.

He stated that the idea has as its objective "that CORFO join with businessmen, for the minimum time possible, so that once that activity is on its feet, the same businessman with whom we are associated can buy us out. It is another way for us to supply capital without a guarantee, and it is going to be established shortly."

He said that the government issued instructions to that body to work with the Ministry of Finance to study the feasibility of transferring the Small Business Guarantee Fund of the State Bank to CORFO, in order to make the cited fund more flexible.

He explained that while the law is in force, at the present time debate is underway relative to putting the project into effect.

He anticipated that the hotel sector may renegotiate its debts, through the establishment of two different systems, for those who have unpaid obligations through the purchase of assets, and those who have not been able to pay their debts when due.

At this point, he said that those who are in debt through the purchase of assets will renegotiate, turning debts contracted in foreign currency into national currency with an interest rate of UF plus 9 percent, for a term of 15 years. Those who owe on credit will pay an interest rate of UF plus 7 percent.

8587
CSO: 3348/141

BRIEFS

SOUTHERN COLONIZATION STEPPED UP--President of the Republic Gen Augusto Pinochet met yesterday with Jorge Calderon, acting minister of National Resources, to give him instructions on the colonization of the southern district, and particularly the eleventh region of the country. According to the secretary of state, the president ordered that colonization be stepped up, with the coordination of the Office of National Planning, and the Ministries of Finance and the Economy. He added that colonization plans for the southern district include projects for the exploitation of natural resources such as forests, tree farming, exploitation of mussels, and other ocean resources. He indicated that during the next few months the number of colonists, which is about 300 at the present time, is expected to increase 100 percent. The Minister of Public Works, Gen Bruno Seibert, met with the chief of state to tell him about his trip on the Southern Highway from 15 to 21 November. He reported that about 1 billion pesos have been invested in the various projects underway along the route. The total investment since the beginning of the projects is about 7 billion pesos. [Text] [Santiago EL MERCURIO in Spanish 8 Nov 84 p C-3] 8587

CSO: 3348/141

LEADER OF NEW LIBERALISM DEFINES POLITICAL STRATEGY

Bogota EL ESPECTADOR in Spanish 30 Nov 84 p 13-A

[Text] The head of New Liberalism, Luis Carlos Galan, defined his position toward the government and discussed the possibility of resorting to the coalitions system in 1986.

The night before last, Luis Carlos Galan spoke at the Tequendama Hotel during New Liberalism's Sixth Convocation, wherein he reaffirmed the fact that his movement would not take one step backwards and would not lend itself to merely mechanical agreements with the official Liberalism.

Galan expressed the view that the Liberal Party's legitimist sector has assumed the role of a Trojan horse, to act in the Betancur administration without feeling obliged to have any kind of solidarity.

Presence in the Government

We shall reprint below some of the main statements made by Senator Galan Sarmiento in the presence of the 1,500 attendees at the meeting, which took place in the Red Room.

In commenting on the presence of New Liberalism in the government, Dr Galan remarked:

"New Liberalism is participating in the government with national responsibilities that can only mean sacrifices and risks for it. Our comrades have assumed them out of loyalty to the republic's loftiest interests, and they have our entire support. There is the Ministry of Justice, in which Rodrigo Lara Bonilla sacrificed his life to demonstrate his integrity and to call upon the nation to oppose drug consumption and trafficking, one of the worst scourges of mankind. With fully proven fortitude and ethical conduct, to continue that heroic endeavor and to bear witness to his convictions as a jurist and a democrat, Enrique Parejo Gonzalez is keeping those noble banners aloft, surrounded by respect and gratitude from all of us Colombians who realize the magnitude of his responsibilities. In the Banking Superintendency, two other comrades, German Botero and German Tabares, have had the responsibility for the difficult

task of restoring respectability to the banking and financial system after the disaster caused by several years of business speculation and conspiratorial tolerance on the part of the government. In the Colombian Foreign Trade Institute, Nora Rey de Marulanda, after having performed brilliant work in the national planning entity, has now accepted the tremendous responsibility for protecting the nation through the most austere and honest use of the meager available foreign exchange possible; aware more than anyone else of the problems that this represents for the survival of industry and other vital sectors of the national economy. We have never known whether the upper echelons of government are aware of the loyal, efficient manner in which New Liberalism has fulfilled these responsibilities, which do not represent any privilege for it, but rather the performance of patriotic duties that our comrades will always meet, faithful to their political principles and ideals. We realize the government's problems and failures in the general area, but we consider our presence in the administration an act of service to Colombia in the present difficult dilemma."

The Truce and Peace

He made the following comments on the topic of peace and truce with the guerrilla groups:

"Belisario Betancur has devoted most of his energies to prompting the Colombians engaged in armed revolt to agree the rejoin the political struggle within the context of the Constitution and the laws. That goal is praiseworthy and necessary for changing the living conditions in 14 departments, two intendencies and one commissariat affected by public order problems for several years. Since 1979, we have proposed seeking political solutions to achieve peace and, despite the suspicions and risks that this process entails, we regard President Betancur's effort as essential. We have experienced a civil war and, in Caqueta, Magdalena Medio, Arauca, Cordoba and Cauca, among other sections of the country, there have been incidents equivalent to or worse than those currently besetting several Central American countries. This year, it has been crucial to achieve a reduction in the armed confrontations, but this has been in contrast to the proliferation of kidnappings and extortions creating an ambiguous situation which makes it impossible to arrive at definitive conclusions concerning the success of the peace process. The people in Caqueta and Putumayo are grateful for what the government has accomplished, and trust in its consolidation. In Magdalena Medio, there is new hope of peace. In Santander, Meta, Huila and Arauca, skepticism is brewing in view of the extortion and kidnapping. In northern Narino, there are signs of the advent of a new focal point of problems. Cauca has been shaken by deepseated conflicts, and what occurs there will have an immediate effect on Valle.

"To date, Colombia's position on the Central American crisis has had a positive effect on the process of internal public order. The evolution of that conflict will affect our own situation. We are not at peace and what we are undergoing is a cease-fire about to become a truce. We have an opportunity to achieve peace, and if we miss it, a terrible conflagration could occur. To close our eyes to any possibility of understanding or to constantly discredit the government's action means dooming the country to a civil war. Similarly, to accept

the notion that the process could evolve without risks and snares means facilitating other courses of action leading to civil war. On this complex journey, the path has been cited by the Constitution and by the obligation of all sectors to construct among our people a clearcut, responsible awareness of their rights and obligations. We members of New Liberalism are faithful to the Constitution, and we are dedicated to the second task as the only real guarantee of democracy and liberty.

"Two years after the amnesty law and the special powers for carrying out a rehabilitation plan in the areas affected by violence, the results are not yet satisfactory. The additional funds represent a small proportion of the investments announced for the 153 municipalities in the rehabilitation plan and the 3 million Colombians residing in the hardest hit areas. There are specific projects to meet many, long-standing, fundamental needs in isolated areas which have rudimentary social services, but there is not yet a clear idea of the development in those regions. The plan has been devised within the present government's tight schedule, and there has been no acknowledgment of the need for prolonging action and projects from the standpoint of the entire 10-year period. The rehabilitation cannot be reduced to what is required to solve only the problems of those who have accepted amnesty, while the structural problems remain unsolved. Agrarian reform is not a mere matter of purchase and sale of properties. The rehabilitation plan cannot remain in the hands of second-level officials or several institutions acting in scattered fashion with modest budgets. It is particularly necessary to realize that rehabilitation is not just a physical endeavor, but rather, fundamentally spiritual. It consists of creating a new attitude toward social organization and infusing hope and solidarity among the hundreds of thousands of peasants and citizens who have rebelled at the state's absence in their regions and the mediocrity of government services."

The Economic Crisis

With regard to the country's economic crisis, Senator Galan made the following comments:

"Next year, Colombia will experience a difficult economic situation, with the factors warned about and accumulated over the past several years, which have now reached the limit for triggering greater problems. The risks of inflation threaten to raise the cost of living by proportions higher than in any other year in recent decades and, for the first time in over three quarters of a century, the nation runs the risk of succumbing to the hyperinflation that has caused so much damage to the countries of the Southern Cone and is now besetting Israel. The factories are facing serious difficulties in surviving, owing to the drastic reduction in imports. Unemployment is tending to rise explosively. Although our country has evaded the international economic crisis under conditions relatively superior to those in the rest of Latin America, the most difficult time has not reached us yet, and is now approaching, based on the indications in the fiscal deficit and the exchange problem. Those two problems did not originate in recent events associated with world policy, but rather in previous internal management. There was disorderly public spending resulting

from the clientele-oriented political style that prevailed in the country; the financial problem was disguised with foreign loans to cover operating expenses and to manipulate the earnings of the Special Exchange Account; and there was tolerance for the exchange lag which reduced the competitive status of Colombian products on international markets. In many documents and scenarios, New Liberalism has exposed these situations and made recommendations devised on the proper occasion and applying to the specific circumstances of the economic crisis. Our views have not been considered. This government inherited a difficult situation, but it has delayed in acting and has devised incomplete solutions; because it has not told the truth to the country to avoid retrospective debates during the first phase of administration and, later, to conceal a worsening situation with optimistic judgments. Upon examining the criteria for public spending under the present government, we find confusion in the priorities, because the orderliness that the government itself had proposed in the development plan has not been upheld. Privileged management has been given to sectors which were not priority ones based on the plan, and there has been neglect for others which were indeed essential. These inconsistencies have deprived the economic policy of credibility and have heightened the lack of confidence among the productive sectors as to what the government wants to do and the manner of achieving it."

The Coalitions

The leader of New Liberalism subsequently discussed the political issue:

"What is approaching for whoever governs Colombia, as a person or as a party, is not a pleasant use of power, but rather an enormous, exhausting effort to interpret the nation's needs and desires, and to direct the collective energies with a lofty sense of responsibility. No political force can cope with this complex situation in an isolated way. Any political force which is locked within itself and thinks that its past or the bureaucratic-electoral machinery will ensure it the majority of the popular vote runs the risk of losing its entrenchment in the consciousness of the masses. The people are entitled to greater clarity regarding their prospects and realities. Coalitions are necessary but they make sense only if they are conceived with accuracy, respectability and consistency, so that each allied force will have its own identity, but, at the same time, there is a commitment to faithfully uphold certain common basic propositions."

In his plank, Galan stressed that the people decide on the future destiny of the party and the country, and claimed: "Anyone who does not trust in the people has no right to govern them."

The political leader emphasized: "The decision-making must come from the Liberal rank and file."

He then cited some preliminary criteria on the basis of which talks among the different sectors could be furthered. He made the following comment:

"In the process of forming coalitions capable of dealing with the nation's difficult situation, we are willing to talk at the appropriate time with all

sectors that are really seeking the development and renewal of democracy, among which we acknowledge other Liberal groups. Nevertheless, no dialogue can progress without specifying some prior criteria, among other things. There can be neither ambiguity nor tolerance concerning the government-related Liberal leaders and organized crime, which has dared to seek political power through both the Liberal and Conservative Parties, by financing their campaigns or promoting strange dialogues on high levels to achieve impunity. The television news networks which belong to relatives of political leaders or which were awarded because of the affiliation of their owners should be subjected to a commission of honor to ensure their impartiality in any electoral process. There is a need to ensure openness in the funding for national, regional and local political campaigns, as well as the limits that donors must abide by in the amount of their contributions. The Office of the Comptroller General of the Republic cannot be the center for manipulation of any of the options that may emerge in the process of assuming positions. The absolute independence of the National Registration Office must be upheld, so that elections will be completely unbiased and the vote-counting free from any interference. It is essential to establish criteria for politico-administrative organization, so as to extricate the political forces from disorder, improvisation and immediacy.

"We have no interest in programs that are merely electoral, without guarantees of implementation or genuine political commitments. We want authentic political programs, knowing the exact instruments for their execution. In the recent past, the Consensus of San Carlos left many lessons on how the processes of popular arbitration should not be devised. That was a hegemonic determination of the conflict among the Liberal sectors. On that occasion, the government was not impartial and the confrontation occurred without acknowledging and ensuring a minimal common program that would warrant the arbitration. The mechanism adopted was not clearly explained to the people and the national definition became implicated with local and regional factors. It was all confined to a congressional context, which replaced the real presidential definition.

"While the spokesmen emerge for a serious, efficacious dialogue from the political perspective of 1985 and 1986, New Liberalism must complete the program for internal reorganization and the tasks relating to ideological development to determine the platform for this new political phase. The work in public corporations has been significant and after 25 congressional board meetings this year, New Liberalism has gained precision in its political positions and experience in the systems for forming internal consensus. From August until the present, 12 departments and two intendencies have held their assemblies to reorganize boards of directors, discuss the political process and prepare the regional and national strategies for the next 2 years. Before 15 February, the series of meetings should be ended and the bases ready for the National Assembly, which will convene a few weeks thereafter. The immediate task is to improve our organization, reaching not just all the municipalities, but also the rural sections and districts; intensifying the presence achieved in recent years, and multiplying the internal communications systems. Not all the news

media are impartial, nor will they be. We must be ready to counter headlines, news items and articles which will attempt to minimize our action and exaggerate that of our opponents. These are part of the predominant power factors, and will be used by those who insist upon imposing traditional interests and features on Colombian politics."

2909

CSO: 3348/186

COAL COMPANY SEEKS LOANS; EXPORT CONTRACTS ANNOUNCED

Bogota EL ESPECTADOR in Spanish 3 Dec 84 pp 1-A, 11-A

[Text] Albania (La Guajira), 2 December--Colombian Coal, Inc (CARBOCOL) has received the official letters from First Boston Corporation of the United States enabling it to act as an intermediary for the procurement of loans amounting to nearly \$500 million, or about 51 billion pesos, which are essential for completing the work on the El Cerrejon coal complex.

The national company is also studying with its foreign associate, Intercor, the establishment of an international entity, possibly based in the Caribbean, to serve as trustee, manage the income from coal sales abroad, pay debts and remit the surplus capital to the country.

Moreover, Colombia succeeded in signing sales contracts for 40 million tons of coal from El Cerrejon-Northern Zone, totaling \$1.6 billion, to be delivered in the ports of Denmark, the United States, Israel, Ireland and Spain over the next 10 years.

A few weeks ago, CARBOCOL managed to deliver the first shipment of mineral from the project's Central Zone of La Guajira to the United States, with noteworthy success, as the experts stressed; and, in mid-December, it will make another shipment of about 30,000 tons of coal, also purchased by the Florida Power Corporation from the Northern Zone.

All this progress in the area of coal, which partially clears the country's path in the external sector with the generation of foreign exchange, and opens up markets for Colombia in North America, Europe and the Orient, was learned by EL ESPECTADOR during the ceremonies marking the opening of the first mine railroad, also of wide gage, on national territory.

The modern rail system, which cost 26 billion pesos, consists of eight diesel electric locomotives and 250 cars and will transport 15 million tons of coal per year over 150 kilometers, was put into service last weekend by President Betancur.

Gigantic Project

The El Cerrejon-Northern Zone Coal Railroad required the removal of 14 million cubic meters of earth over a period of 2.5 years, with the construction of

196 multiple culverts for drainage and three detours which provide the railroad with 196 kilometers.

The project required the building of 27 bridges, 2,300 meters in length, one of which, 270 meters long, over the Rancheria River, was built by the Pinski and Julio Gerlein firms, at a cost of 1.1 billion pesos, by 800 individuals.

The main track was built at the rate of 1 kilometer per day, on a layer of 30 centimeters of crushed ballast, with rails weighing 67.5 kilograms per meter, separated by 143 centimeters (wide gage), representing greater efficiency.

In all, the construction of the line required 400,000 wooden ties, 25,000 tons of rail, 1.6 million nails and 450,000 cubic meters of crushed ballast.

The coal loading work will be carried out by two trains, each with three diesel electric locomotives, of 3,600 horsepower, and 130 coal cars, with a capacity of 91 tons per car.

The trains will operate for 24 continuous hours, in three cycles, including loading work, and run between the mine and Puerto Bolivar, in Bahia Portete, picking up 8,500 tons of coal per hour.

New History

President Belisario Betancur, who drove locomotive 1006, aided by the engineer Antonio, during the ceremony to put the railroad into operation, stressed the scope of the project, and its repercussions on the national economy, claiming that, with it, "we are embarking on the history of Colombian coal."

The chief executive was accompanied to Albania, a town located south of the Northern Zone of El Cerrejon in La Guajira, by the ministers of mines and foreign affairs, Alvaro Leyva Duran and Augusto Ramirez Ocampo, the Peruvian writer, Mario Vargas Llosa, and the actress Maria Eugenia Davila, among other prominent persons.

Betancur emphasized that the geographical area which in the past belonged only to the literary world of Jorge Isaacs, Eduardo Zalamea and Arturo Camacho Ramirez, has now become incorporated into the country's economic existence, in a project that has become a reality, and that is only part of the list of "national monuments to the lack of continuity."

He explained that the culmination of construction such as that of the El Cerrejon railroad is due to the impetus given to the complex by all the previous governments, and noted that the event is a victory for the association of native and foreign capital.

Funds or Standstill

He reiterated the fact that, by the last week of February 1985, the anticipated coal sales would represent \$150 million for Colombia, strengthening the external sector, "all because of the people's action," as he remarked.

What is certain about this coal future for the country is that, if the new international loans amounting to about \$500 million are not procured, by February or March 1985 El Cerrejon could be left at a standstill and Colombia would fail to keep its commitments.

Hence, last Friday, CARBOCOL's board of directors obtained the cooperation of First Boston Corporation, a world-class investment entity, which will act as a commercial agent or intermediary to procure loans from private banks abroad.

EL ESPECTADOR also learned that, to date, the sale of 40 million tons of coal from the Northern Zone, a site with a mineral potential amounting to some 10,000 hectares containing coal with an average calorific power of 6,540 kilo-calories per kilogram, has been assured.

These sales will ensure the country approximately \$1.6 billion, and will be made primarily to Denmark, receiving about 25 million tons; Florida Power of the United States, receiving 600,000 tons per year for 5 years; Ireland, receiving 600,000 tons per year for 5 years; and Carboex of Spain, receiving 500,000 tons per year for 10 years.

2909

CSO: 3348/186

EL CERREJON PROJECT RAILROAD TO BEGIN OPERATION IN FEBRUARY

Bogota EL TIEMPO in Spanish 10 Dec 84 pp 1-C, 5-C

[Article by Jose Suarez]

[Text] Colombia's La Guajira region is starting to become transformed through work and thanks to the coal-producing complex of El Cerrejon Norte, the largest mining project ever undertaken in Colombia and which has already divided this vast territory in two with a railroad that runs for 150 km.

Curiously this immense region, whose inhabitants had never seen a railroad before, is the scene of an operation whose characteristics and magnitude are unknown in the rest of Colombia, as President Belisario Betancur noted during his inauguration.

The so-called "mining railroad" is one of the three basic components of the ambitious coal-producing project and the one which reflects to a greater degree the transformation of the territory of La Guajira. The others are the mine itself, endowed with the most modern operating structure, and the loading port, also built with state-of-the-art technology in its field.

By 1986, when these monumental projects will be ready on schedule, La Guajira will represent a strong magnet of touristic attraction for Colombians, who will be able to view transportation installations and facilities of a scope hitherto unknown.

The "mining railroad" divides La Guajira into two geographic regions and runs parallel to the highway between the mine and the port through which equipment of impressive capacity and size has entered. Work began in January 1983 and was concluded in November 1984. The project mandated the removal of 14 million cubic meters of earth and the construction of 196 multiple drainage channels and 27 bridges in addition to ancillary works.

In all, the railroad line will be 196 km long including three sidings of 9.7 km; the port's operations yard with 20.8 km of track, and the mine's freight yard with 21 km of track.

The technicians of INTERCOR [expansion unknown], an affiliate of Exxon associated with the Colombian Government through CARBOCOL [Colombian Coal

Company, Inc.] in this project, note that despite the fact that over 600 locomotives of various models and thousands of railroad cars of all types have used the country's railroad tracks in the last century and a quarter, only now and for the first time does Colombia have a large-capacity industrial railroad system.

The cost of this "mining railroad" totaled \$340 million (about 26 billion pesos) and the entire rolling stock on the mining line consists of 8 diesel-electric engines and 250 railroad cars which will haul over 15 million tons a year during peak production at the mine. Colombia's engineers had a decisive role in the construction of the track, the bridges, and other works.

The 27 bridges had a total cost of 1.1 billion pesos. The most important ones are those over the Riohacha-Maicao highway, 79 meters in length, and the bridge across the Rancheria River, which is 270 meters long.

The railroad track is broad gauge, that is, the width between the rails is 1.43 meters, the only one of its kind in Colombia. The laying of the track called for the use of 400,000 wooden crossties, 25,000 tons of rails, 1.6 million track spikes, and 450,000 cubic meters of ballast. Most of the manpower used to build the project was from La Guajira out of a total of 2,300 workers.

Daily Volume

It is estimated that during days of full production at the mine, the "mining railroad" will be hauling around 99,000 tons of coal every 24 hours.

That operation will be effected daily by means of two trains, each of them made up of three 3,600-horsepower engines and 130 railroad cars with an individual capacity of 91 tons of coal.

Each train will thus be loaded with about 11,830 tons per trip and with over 30,000 tons for the three trips that it will make every 24 hours.

The loading and unloading of coal will be done automatically at the mine and at the port. Each train will pass inside the storage silos where it will pick up, through continuous loading, 8,500 tons of coal per hour.

The total operational cycle of each train will be 8 hours to load, make the run between the mine and the port, and unload. The speed of each train will be 88 km/hour and its movement will be controlled from a tower equipped with a centralized electronic system where information from sensors placed along the railroad track will be processed. The power supply for the line is secured through photovoltaic cells loaded with solar energy.

The initial stage of the railroad's operations will begin in February 1985 when 3 million tons of coal destined for the world market will be transported. Each train will be 875 meters long. Subsequently, during full-capacity operations, the length of each train will be 2,300 meters and the volume hauled will reach 15 million tons.

The CARBOCOL-INTERCOR Company is implementing a full-range personnel training program for Colombians who will be in charge of the railroad's operation and maintenance. One of the initial stages of the plan, which got under way in January 1984, consisted in the dispatch of a group of Colombian engineers to Mexico where, in 6 months, they received instruction on the maintenance and operation of locomotives and railroad cars at the Training Institute of the Mexican National Railroads.

The inauguration of the "mining railroad" opened the way to exports of coal from El Cerrejon-Norte a year before expectations and Colombia will have in 1985 additional inflow of foreign exchange of \$150 million because of this. In this way, the coal-producing complex will contribute to the improvement of Colombia's balance of payments account.

2662
CSO: 3348/209

COLOMBIA

IFI ANNOUNCES 3-YEAR INVESTMENT PROGRAM

Bogota EL ESPECTADOR in Spanish 8 Dec 84 p 22

[Text] The Industrial Development Institute [IFI] announced a 3-year investment program which will increase the sales of enterprises supported by IFI to 264 billion pesos by 1987 and will consolidate exports at \$721 million.

The program, together with information on the activities of IFI to date, will be presented to President Belisario Betanour next Wednesday by the Institute's director, Sergio Restrepo Londono, at a special function to be held at the Gonzalo Jimenez de Quesada Convention Center with the assistance of personalities in national economic and political life.

IFI gave a report on the above-mentioned documents in which it summarized its participation in the country's industrial development in the various sectors, noting that it has assisted in the creation of 504 enterprises which have generated 30,000 direct jobs which will increase to 60,000 at the completion of the said program.

The Institute noted that "with this 3-year plan an industrialization program will be drawn up under which sales will increase to 264 billion pesos by 1987 and exports to \$721 million, evidencing a significant increase if account is taken of the fact that in 1984 sales reached 91 billion pesos and exports totaled \$207 million.

"The document also outlines how the IFI has participated in the past 5 years in projects which totaled 250 billion pesos without counting CARBOCOL [Colombian Coal Company, Inc.], broken down as follows: 176 billion pesos in investments with capital participation and 74 billion pesos in lines of credit."

Regarding the projects promoted by IFI and now being implemented, the Agricultural Investments of the Gran Caldes Region operation with an investment of 100 million pesos, the PAPELCOL [Paper Company of Colombia] which will earmark investments of \$330 million, the Rio Claro Cement Company with \$108 million, and the Western Chemicals Company with \$30 million are noteworthy.

Regarding these projects, the IFI noted: "Agricultural Investments of the Gran Caldes Region, built in 1984 with the participation of the IFI and various enterprises in the coffee sector, initiated activities with a capital of 100

million pesos. Its basic goal will be the promotion and realization of agro-industrial projects whose investments are projected at 300 million pesos.

"PAPELCOL, established in 1981, is promoting one of the major industrial projects in Colombia. It is aimed at satisfying the growing domestic demand for paper through the construction of a plant producing 75,000 tons of paper pulp a year using as raw material sugarcane bagasse, as well as 87,000 tons of white paper."

"The plant, with an investment of \$330 million, is located in Caloto, Cauca, and will enter into operation toward the end of the first half of 1985."

"The Rio Claro Cement Company, with a plant for cement processing still under construction, will have a capacity of 525,000 tons a year. Located at Puerto Triunfo (Antioquia), the investment will total \$108 million and it will begin operations in 1985."

"The Western Chemicals Company will produce chlorine and caustic soda in Palmaseca. It will call for an investment of around \$300 million to produce 16,000 tons of chlorine a year."

2662
CSO: 3348/209

BRIEFS

PRC FOREIGN VICE-MINISTER VISITS--This Tuesday, 4 December, the Chinese vice-minister of foreign affairs, Han Xu, will arrive in Bogota and meet with the delegatory minister, Augusto Ramirez Ocampo, the vice-minister of foreign affairs, and the ministers of agriculture, mines and energy and development. The Chinese vice-minister of foreign affairs will lecture on the relations between the two countries and regarding the intensification of the technical exchange and cooperation between them. He will be accompanied by the foreign ministry's deputy director for the Americas and Oceania, Sheng Yunao, and its male and female third secretaries, Qiu Yunao and Huang Minhui. [Excerpt]
[Bogota EL ESPECTADOR in Spanish 2 Dec 84 p 11-A] 2909

FIRST SEMESTER COAL EXPORTS--The Colombian Institute of Foreign Trade (INCOMEX) headed by Nohora Rey de Marulanda reported that in the first half of 1984 Colombia exported coal for a total of \$19.4 million. Its principal markets were Puerto Rico (\$8.6 million), the Dominican Republic (\$4.3 million), Mexico (\$3.7 million), Brazil (\$2.2 million), and Venezuela (\$345 million). During the same period, Colombia's export of emeralds totaled \$10.7 million. [Text] [Bogota EL TIEMPO in Spanish 10 Dec 84 p 5-C] 2662

USSR WEEKLY INTERVIEWS BETANCUR--In an interview published by the Soviet weekly, ABROAD [EN EL EXTRANJERO], Colombian President Belisario Betancur has said that the arms buildup in the world will end when humankind proclaims peace as its political, economic, and social banner. Betancur expressed his concern over the tense international situation and the many conflicts that exist in several regions. All of this, he added, is worsened by unequal trade and financial pressures. Nevertheless, the Colombian president said that there are positive and encouraging factors that confirm our faith in the future. One of them is the evident and growing tendency by humankind to guarantee and strengthen peace, he said. [Text] [Havana International Service in English 1800-GMT 29 Dec 84 PA]

CSO: 3348/233

COSTA RICA

BRIEFS

TRADE BALANCE WITH CENTRAL AMERICA--Costa Rica's trade balance with Central America showed a favorable balance of \$36.7 million between January and August 1984. Nevertheless, this represents a smaller figure than what was reported 12 and 24 months ago. There were favorable balances with all countries. An increase was reported only with Honduras when compared with last year's figures. The other countries reported a decrease, particularly in the case of Nicaragua (\$14.1 million), which explains the decision to restrict trade with that country. [Excerpts] [San Jose LA REPUBLICA in Spanish 15 Dec 84 p 9 PA]

CSO: 3248/179

AUTOMATED CONTROL OF AIR DEFENSE DURING ATTACK DISCUSSED

Havana EL OFICIAL in Spanish Oct 84 pp 53-56

[Article by Maj Alfredo Zayas Valeras]

[Text] Scientific gains have unquestionably had an impact on the military. Proof of this is the rapid development of automated command systems at all levels of the armed forces in countries with varying ideologies. In this regard, particular importance has been attached in recent times to automated control of air defense.

The sudden, radical changes in the capabilities and forms of contemporary combat as a result of scientific and technological strides demand the perfecting of troop command methods.

The defense of the socialist homeland demands that all chiefs and officers thoroughly master the methods of troop command, utilizing to this end complex systems that allow for stable troop command without wasting time and that can provide the various commands with assurances as to future actions to be undertaken.

The art of war and troop command as part of it are closely tied to a country's social and economic development, as well as to ideological factors, which in general are the ones that will determine whether a country will employ its armed forces properly to defend itself.

The move to automated control of the nation's air defense requires that all of the above factors be taken into account.

The control of air defense facilities is merely the uninterrupted chain of command, involving chiefs and staff at all levels, whose goals are to perform specific tasks and achieve certain results.

Air defense command must have a scientific foundation and see to the multilateral combat action logistics of small and large units so that they can do as much damage as possible to the airborne enemy while our own troops maintain high morale.

Some of the fundamental tasks in air defense are:

- Maintain high combat readiness and proper organization of combat troops; analyze and assess the various situations (in particular, predict the nature of enemy air attacks), and perform in timely fashion all of the calculations needed to make correct decisions;
- Plan the timing and nature of future combat actions and make sure that subordinates are apprised of them and have enough time to carry them out properly;
- Organize tight-knit cooperation among all the troops involved in combat actions, especially between the protected troops and fighter aircraft, and fix their location during combat;
- Properly organize the multilateral protection of the troops;
- Maintain communications between the protected troops, the subordinates and fighter aircraft;
- Deploy the network of command posts and control points at all levels, maintain uninterrupted communications and guarantee their safety;
- Systematically monitor the performance of tasks by units and small units;
- Report to the superior command and to subordinates on any changes in conditions;
- Systematically monitor losses of personnel, equipment and other materiel;
- Publicize combat experiences after studying them; the staffs should draw conclusions so as to predict future combat actions.

Air defense troop command is based on the commander's decisions as to future combat actions and must be active, stable, effective, firm and flexible.

We can therefore state that troop command is a complicated, continuous process that we can divide, for study purposes, into two major categories: measures taken to plan for combat actions and multilateral logistic support, and troop command while the airborne enemy's strikes are being repelled. The latter task is the harder of the two, inasmuch as it is performed under pressure from an enemy whose actions are measured in fractions of a second and who possesses great destructive power.

Furthermore, aircraft and air defense parameters are changing constantly during combat action against enemy planes, and this makes command even more complex.

Enemy aircraft remain for a very short time within the range of air defense weaponry, inasmuch as they are constantly altering their course, velocity and altitude, which makes it difficult to predict the movement of targets.

Timely information must therefore be properly transmitted at all levels and as combat is actually taking place.

We must bear in mind, however, that there is a command lag that is impossible to pinpoint before the fact and, therefore, that decisions are made in advance and later fine-tuned. Such decisions are made on the basis of the experience gained from previous combat action.

As stands to reason, chiefs and staffs perform their analyses and do their predicting for decision-making based on a given hypothesis and on the outcome of combat actions that have taken place at a given moment and under specific circumstances.

As we can appreciate, any information delays could influence the outcome of battle. Therefore, it is vitally important for information to flow concurrently between all levels, bearing in mind that battle will often be waged against enemies who engage in heavy interference against automated reconnaissance and command systems.

On many occasions, troop command will depend on the following factors:

--Timely reception of information on the discovery of the airborne enemy;

--Active and stable organization of reconnaissance, both radioelectronic and visual, on all levels, and protecting it from interference;

--Effective analysis and decision-making by the chiefs and staffs and the rapid conveying of the decisions to all fire units.

All of the above explains the importance of automating the air defense troop command process by making use of the latest scientific advances in the field of cybernetics.

Modern Systems of Automated Air Defense Control in the United States

The armed forces of many countries attach great importance to the automation of air defense control, and the United States in particular is constantly developing new systems.

The United States devotes particular attention to early warning systems for air defense command.

This is why new systems that are both mobile and secure are being developed right now to counter interferences of all kinds.

The United States Army has developed a new system called FAAR (Forward Area Alerting Radar), which, in addition to being a warning system, automatically controls air defense weaponry such as the Redeye, Chaparral, Hawk, etc.

All of the components of this system, including the radar stations, are run by the latest computerized systems.

The FAAR can detect hostile and friendly aircraft and indicate them on radar screens with colored signals, the enemy in red and the friendly aircraft in green. In addition, when new objects appear, a warning sound alerts operators as to the presence of targets.

This system can be run at a distance of up to 45 meters from the stations to insure maximum personnel safety.

In its insane arms race the United States continues to refine not only this system but other even more dangerous ones as well, a trend that could bring mankind to catastrophe.

Our Armed Forces and our air defense in particular are refining their control systems every day, learning from experience, using them more widely and developing new automated systems that will enable us to maintain an air defense system that can be controlled with no time lost at all levels.

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8743
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CUBA

BRIEFS

NEW SOURCE FOR CONTRACEPTIVES EXPLORED--The pharmaceutical industry is trying to obtain two steroid substances from henequen juice to be used in the manufacture of birth control pills. Ramon Diaz Vallina, vice minister of the pharmaceutical industry, has said that this fiber production by-product will allow our country to save raw products which we now import. He also reported that in 1984 100 million birth control pills were sold and he expects this amount to increase considerably. [Text] [Havana Domestic Service in Spanish 2230 GMT 27 Dec 84 FL]

CSO: 3248/178

PAN FAILURE IN STATE OF MEXICO LAID TO 1976 INACTION

Mexico City EXCELSIOR in Spanish 13 Nov 84 pp 1-A,16-A

[Article by Jose Valderrama]

[Text] Not having participated in the 1976 presidential elections damaged the National Action Party above all in the State of Mexico, it was admitted for the first time by a PAN [National Action Party] official, that is, Gonzalo Altamirano Dimas, its official spokesman.

He added that this decision by the PAN was one of the causes of the results in last Sunday's elections in that area.

Last night, he said, he had no reports as to a single victory by the PAN in the 121 townships of the State of Mexico. The party had run candidates in only 48 townships and in the 34 districts for the State Congress.

"After this setback in 1976, the PAN did grow stronger. We never ran in all townships in the State of Mexico," he said.

At the headquarters of the PAN in the State of Mexico, in Tlalnepantla, Deputy Astolfo Vicencio Tovar held a conference last night with the PAN cadres, apparently reviewing the results obtained by the PAN in that state after the victories in districts in the country's north.

Altamirano specifically mentioned the violations in last Sunday's elections.

He said that "It is a shame that we preach democracy toward the outside world while election violence continues in the country since the elections in the State of Mexico were totally antidemocratic."

He reported that, even before the elections, the PRI [Institutional Revolutionary Party] people went from house to house, asking the voters for whom they were going to vote while intimidating them and exerting pressure on them to put signs in the windows, saying "This home is for the PRI"; PRI credentials were distributed on a large scale to inflate the voting; there was a leaflet drive that had forged the PAN logo; the Mexican Labor Party forged propaganda that seemed to be coming PAN and another publication called that party "the ally of Reagan, a traitor to Mexico and those who

are against the fatherland"; the PAN people were not given their appointments at the proper time and state and municipal seals were demanded on many ballot boxes and scores of PAN representatives were kept away from the ballot boxes where they were supposed to be poll watchers. Officials from the government of the State of Mexico handled many of the ballot boxes; in Cuatitlan the PAN took ten persons to the authorities who had tried to flood the urns with votes for the PRI and who were released nevertheless; in Apasco, the PAN withdrew completely because of lack of guarantees.

On Sunday, there was a story making the rounds to the effect that the PAN had won six city council chairmanships but the central offices of PAN did not report a single victory yesterday.

Late last night, it was announced at the state office of the PAN in the State of Mexico in Tlalnepantla that the PAN did not win a single victory in last Sunday's elections because of the "fraud committed by the PRI."

It was said that there might "probably" be some victories in the very small townships, such as Chimalhuacan and Melchor Ocampo.

5058
CSO: 3248/132

CANALES CLARIOND DEFENDS NUEVO LEON GUBERNATORIAL CANDIDACY

Mexico City EXCELSIOR in Spanish 25 Nov 84 pp 1-A,22-A,35-A

[Article by Miguel Reyes R.]

[Text] "The people of Nuevo Leon are already fed up with the PRI [Institutional Revolutionary Party]. The people are fed up with its 70 years in power and its unchanging message, with its methods that only slacken the community's life. That party will not do any longer. The people here want opposition and the system is afraid of the PAN [National Action Party]. And it invents compliances and linkups. But they will not get us this way! The PAN is democracy. The hour of National Action has struck," said Fernando Canales Clariond.

"The fight for the governorship of Nuevo Leon," the wealthy and young Canales Clariond explained, will face a system of absolute political dictatorship, with a half-way liberal approach to the economy, to education, and to religion, and an option of true democracy which may well signify a different road in Mexico's future history. The victory in Nuevo Leon shows that not everything is lost in this country; that, with limited resources, without any support from abroad, it is possible to find ways so that this nation, which today is on the brink of collapse and defeat, may recover its strength and dignity.

"I do not deny the cross that is in my parish. I am 38 years old and I spent half that time as businessman. But I am neither the attorney for the rich, nor will I be the candidate of the poor, nor will I become the governor of big business. They are strong enough to defend themselves by themselves. My desire to govern Nuevo Leon is not something temporary. Neither on my part, nor on the part of National Action. My party has more poor militants than rich ones," said Fernando Canales Clariond.

Fernando Canales Clariond is a graduate of the Free Law School--"Felipe Gomez Mont was one of my teachers"--and has a master's degree in finances which he got at the Technological College of Monterrey; he is the owner of a vast fortune. The IMSA Group--Industrias Monterrey, S.A. [Inc.]--his company, which will soon be 50 years old, makes steel products for construction. His business extends to Costa Rica and Argentina. He told us that he resigned from his position as executive "several weeks ago to devote myself fully to politics."

"Although not all Mexican businessmen reject the government or are against it, the majority are opposed. They are convinced that its structure could be improved. And private initiative feels that it would have grown more if the administration had adopted different measures.

"This country's businessmen," continued Canales Clariond, "feel that the administration assaults them when it engages in unfair competition with them in areas of the economy. Here we have the case of Alberto Santos and his factory that makes small pots and then we also have a decision by CONASUPO [National Company for Basic Commodities] to make that product. Businessmen have the firm idea that the administration should not get involved in business and that it should concentrate only on governing."

Businessmen Affected

"The price policy adopted by the administration does affect businessmen. That policy is wrong and it caused business failures on many occasions. As in the case of the sugar refineries. And businessmen deplore the excess of red tape. Legal regulations and excessive administrative supervision are harmful. Businessmen feel that business and the individual can develop only amid freedom. They want order but they feel that this kind of order is already too much. They are certain that all of these things are obstacles to the development of the nation's private initiative."

The youthful face, with its very thick eyebrows, showed not the slightest trace of a smile when Fernando Canales Clariond pointed out:

"I am not a stubborn critic of the system. I admit that there are some positive things. We do have economic recovery. That is very good. And here, in Nuevo Leon, the start that has been made toward solving the water supply problem is extraordinary. The renewal of the first block in Monterrey is also admirable. And dealings with all officials are marked by cordiality. There is a good atmosphere everywhere. Except in the matter of politics. When there is talk of an open approach to democracy and when there are demands to the effect that this be more than just words, then everything is suddenly closed up tight. This is very bad, as I see it; there are countries in Latin America--and we are not even talking about European countries--whose democratic roots are really very deep. Ours are still rather weak."

Fernando Canales Clariond began his political career more than 7 years ago. He had always sympathized with the National Action Party. He had also been a supporter of the president of CANACO [Mexico City Chamber of Commerce] of Monterrey, when he was very closely connected with the decisions made by Jose Lopez Portillo, at which time he discovered that:

"Businessmen's organizations influence the country's economic policy but not the total policy concept. Not in the broadest sense."

"I Enthusiastically Supported Lopez Portillo"

"I was enthusiastic about the inaugural address delivered by Lopez Portillo. I believed in his approach. I participated intensely and collaborated with

the administration. Here, together with Alberto Santos, I signed the alliance for production. A year later, on 29 March 1978, when the progress made by that program was being reviewed and when there was a private meeting, during which Rafael Izquierdo and the president himself called for projects to invest the millions of dollars in excess that we had and when there was talk of evident signs of big profits, then I began to have my doubts. I realized that those benefits did not reach the people.

"The system continued to be closed in political terms. And then came the affair with Pablo Emilio Madero who opposed Cesar Santos here. And President Lopez Portillo refused to interfere. And the president told us that the problem of Monterrey can be solved only by Jesus. And I am not talking here about anybody except God himself. That is when I decided that I would follow a different drummer."

Canales Clariond then went through a period of analysis. He considered the possibility of joining the PRI, the PC [Communist Party], and the PAN. But he rejected those possibilities in just 5 minutes "because I do not believe in Marxism-Leninism" and so he ruled out the possibility of joining the PC.

"Business organizations are necessary and positive but limited," he reasoned.

"Those were the days when the League of Nationalist Businessmen was founded. Distinguished and wealthy men chose the road of politics. They discussed ways of reaching the PRI. A big debate was organized and the organization is still in existence. Alberto Santos, the current federal deputy, is the man who went furthest. I do respect them but I have the impression that they are wasting time. And so they will achieve nothing. At best, they will strengthen the system.

"The trend in the PRI in economic matters is statist, rather than in support of private enterprise or the market economy. In the final analysis, there has been no democratization, in spite of the efforts by the League of Nationalist Businessmen. It is a hybrid. It is just another thing to be protected by special projects."

"I Wanted to Become a Deputy and I Did Become One"

"I figured out that the doctrine of National Action was simple and that I could live with it. Then I tried to become a federal deputy and I won. I represented the first district of Nuevo Leon during the 51st legislative session."

"Do you have to have lots of money to get into politics?" the reporter asked.

"It costs money to be in politics. National Action does not get any subsidy from the government and our funds are limited. We get 33 percent of our revenues from party members who hold elective office. We get money from raffles and donations from supporters. I have assets that enable me to live and finance my campaign."

"Do the people of Mexico really know the National Action Party?" the reporter asked.

"The depth of the ideological analysis made by the average Mexican is relatively superficial. But even so, it is adequate, the Mexican people do perceive the options. They know what they want. And I accept criticisms and comments. Everybody knows that the PAN has made mistakes. Just recently, the party analyzed social justice in our environment. In this case, Eduardo L. Suarez, a liberal economist, former president of the University of Nuevo Leon, criticized the fact that the PAN was not emphasizing the problem of hunger enough. And the fact is that there are hungry people out there. I realize that if we cannot tell the people how to get something to eat, we will not come to power. I learned that we must be specific in what we say; I found out that those people out there have a physical hunger much more so than a need for ideas."

"This Attack Will Strengthen Us"

"How true are the stories that link you and the members of the PAN both with the clergy and with politicians in the United States?"

"The administration's strategy in attacking us on that score actually strengthened us. Public opinion realized that the intention was to damage National Action. And the public realized that the administration had gone too far. They spent much money to harm us but they failed. Those links do not exist. We in National Action are practicing Catholics, like any other Mexican. And we go to the United States for business and for pleasure--just like the people from the PRI. But there are no secret links and everybody here in Nuevo Leon knows that only too well; that attack did not hurt us.

"He may have been tough in the beginning, but Governor Alfonso Martinez Dominguez later on held the opposition down in a very subtle fashion. He tried to ignore it. He tried to weaken it. And although it is true that many of our members were intimidated in the beginning, National Action is the leading election force in Nuevo Leon at this time.

"As for Alfonso Martinez Dominguez, I must say that he is very capable and a hard and very able worker. But political and government action are too heavily centralized in a single person here--his own person. And so, the institutional strength which the government and its political party should have, is very much diminished here. Those who have judged him say that his administration looks very much like a comb. He never delegated authority. He is the boss.

"And as far as the PRI is concerned, Alfonso Martinez Dominguez does what he wants. He has the PRI in his pocket. It is his administration, it is his PRI. He makes all the decisions and he is the man who removes the delegates. This is why the PRI cadres are weak here. There is no doubt that Martinez Dominguez wants to pick his successor.

"But in contrast to other governors, he will not reach the end of his term amid hostility from business. He has a good grasp of the local power forces. And far from just a faded epilogue, his last few months in office will be a big thing. Just as if his term were just beginning. He will finish very strong.

"But my campaign is far from employing personal attacks and insults. There are not going to be any big meetings and there will be no huge rallies in soccer stadiums and bullrings. Only the fanatical followers go to those places. We will talk, we will analyze, but there will be no rancor or violence.

"I will do what is necessary for people to admit my victory. If I should by chance be wrong and lose the election, in a clean fashion, I will be the first to admit that."

False Situation Estimate

"People even today say that my candidacy will be the candidacy of the rich and that the PRI candidate will be the candidate of the poor. And that we will try to polarize Nuevo Leon society. That is wrong. We are mature enough here to know that we candidates are candidates not because of our bank balances but because of our record and because of the good quality of our ideas. Here there will be no split and there will be no deterioration in the class struggle.

"The only possibility," he warned, "of deviations toward a heavy, profound but optimistic and joyful process, would be the deviations of the administration to undermine an effort which all of us in Nuevo Leon will make to get the proper people to represent us."

"Is there going to be a different Nuevo Leon under an administration by the National Action Party?" the reporter asked.

And Fernando Canales Clariond replied: "I am ready for everything and I will pursue an intelligent candidacy."

And he concluded: "Not radically. Like Proust, we are going to try to make up for lost time. From the very start of the campaign. And I will win, regardless of whether they recognize me or not, regardless of whether they take my victory from me by fraud. There are no half measures in this race. We are only too familiar with the face of the system but there is new hope at every turn."

5058

CSO: 3248/132

PAN LEADERS ENDORSE USE OF PARALLEL TOWN COUNCILS

Mexico City EXCELSIOR in Spanish 24 Nov 84 pp 5-A, 31-A

[Article by Angel Soriano]

[Text] Parallel town councils will be the best response to election fraud; they will be an instrument in the fight of the people to defend their rights, it was pointed out by Bernardo Batiz Vazquez, PAN [National Action Party] secretary-general, as he came here to represent his party at the first report by the chairman of the People's City Council of Mexicali, Eugenio Elorduy; this was the first one to be established in the country and there are five like it throughout the republic.

This event was attended by PAN leaders from the country's north, including Hector Teran Teran, former PAN candidate for governor, and Hermosillo mayor Casimiro Navarro Valenzuela, as well as hundreds of supporters of the parallel city council idea. The event ended with a folk dance.

A year ago, Elorduy was able to win 65 percent of the vote among 300,000 citizens; he explained that the city council runs the community's activities, works against abuses of power, and supervises the actions of the PRI town council; he noted that the latter was established as a response to the popular vote cast in favor of its slate during the elections last September.

He said that it is not his intention to interfere with established authority but rather to make the people aware of the need for fighting every day for democracy because democracy does not end with the elections but must be practiced every day by implementing the rights of the citizens and by watching the conduct of public servants.

He pointed out that in the past year of its operation, improvements were achieved for the residential developments, abuses of authority were prevented, and irregularities were detected in the handling of public works. This is true of paving work and public utility wiring; the current city council, which is chaired by Francisco Santana Morales, raised the costs by as much as 250 percent and seeks to have the inhabitants pay for 50 percent of those costs.

Elorduy, a distributor for the Ford Motor Company of the United States, pointed out that this fact caused him to be the target of tough campaigns from organizations and associations connected with the PRI which even questioned the legality of the People's Council; however, it was Hector Cardenas Sanmartin, the district attorney, who lost his job.

NETHERLANDS ANTILLES

IMPACT OF LAGO REFINERY CLOSING SEEN IN WORKERS' COMMENTS

Willemstad AMIGOE in Dutch 10 Nov 84 p 4

[Text] Oranjestad. It is pay day. At half past four in the afternoon the employees are leaving the premises of the Lago oil refinery near San Nicolas and go to the bank in great numbers to cash their monthly pay checks. Almost a week has gone by since they received the letter telling them that on 31 March of next year they are without a job because the refinery is forced to close. They can only visit the bank a few more times for their monthly income.

Since the bad news hit Aruba there is little talk of anything else. If one is not directly or indirectly connected with the already 60-year-old company there are bound to be family members and friends who will become victims of the closure. For many, Aruba without Lago is absolutely unthinkable. The announcement that the refinery is closing at such a short notice hit the people very hard. The mood in the plant has been described as dejected. Many Arubans foresee an enormous economic depression. Others are still hoping for help from the politicians who are trying to salvage whatever they can.

A 31-year-old mechanic, who prefers to remain anonymous, says in one of the San Nicolas banks that Lago's demise is a terrific setback for his entire family. He has four children and no longer has much faith in Aruba's educational system after the island's resources from the refinery disappear. Moreover, he will be in serious financial trouble because he will have to pay off his home mortgage. The man wants to emigrate to the Netherlands with his family because he believes that not much will remain of San Nicolas. He already knows the Netherlands; he worked there for a few months and he has family over there.

This mechanic who worked 5 years for Lago fits exactly into the picture of the future recently described by union leader Milo Arends, chairman of the union of Lago workers (IOWUA) and, who believes that thousands of Arubans will emigrate to the Netherlands for fear of the collapse of social security and education.

Fifty-seven-year-old Guus Danker, who was born in the Netherlands and lived on Aruba for 35 years, is giving up after the closure of Lago and wants to

go back to the country of his birth. He asks himself: "With five school age kids what have I got to offer them here?" Danker says that he is not at all happy about returning to the Netherlands and he is still hoping for a solution which will prevent Lago's closure.

However, not everybody is immediately thinking of going to the Netherlands. Except for those who have firmly decided not to leave the island there are quite a few Arubans who are looking to Saint Martin, the United States, or Venezuela as possible places of refuge. Especially to Arubans without family ties in the Netherlands or without knowledge of that country, Schiphol does not look like the most obvious destination. Contributing factors are the slight chance of finding a job and stories about discrimination.

After 3 years with Lago the 29-year-old technician Raul Reijes hopes to get work in the United States. His brother, who studied on a Lago scholarship, lives there and will soon apply for U.S. citizenship. Reijes does not want to go to the Netherlands because he believes that chances of finding employment are not good over there. He has no expensive financial obligations and expects that he can enter the United States without many problems. Nevertheless he condemns the announced Lago closure with an emphatic "shit." He sees it as a ploy of Lago's parent company Exxon to force Venezuela to make concessions, "If it does not succeed with commercial means Exxon will use political means."

Gerard Tromp's reply to the question what he will do after 31 March is: "Go to Canada." He is security guard in Lago's own police force and in Canada he wants to attend a school for firemen. He does not want to go to the Netherlands because he has difficulties in getting along with Dutchmen.

In addition to the more than 900 Lago employees 1,300 people work in the refinery for independent contractors. Anselmo Pontilius, chairman of Aruba's biggest labor union, the FTA, informs us that a group of contractors asked the department of social affairs that same day for permission to dismiss its workers. A small group of painters on the Lago grounds shows its reaction to journalistic interest in them. They are touching up a gas station and are not at all eager to talk to newsmen. They keep telling us that after the closure of the refinery they hope to get orders in other parts of the island. They really do not know what they are in for. "This afternoon the boss is coming to talk to us and we will probably know a little more." Labor leader Pontilius expects that in spite of the dismissal of their workers a number of contractors will still go bankrupt. Many contractors are financially not strong enough to pay for a proper severance arrangement. If Lago closes its gates Aruba's unemployment will exceed 35 percent according to Pontilius. The FTA sees in the result events a reconfirmation of its view that plans for a separate island status should be postponed. According to the union the Netherlands forced this separate status idea on Aruba, and the Antillian politicians at the Round Table Conference of 1983 did not realize what they agreed to. If Aruba goes its separate way even more people will leave the island according to Pontilius.

A large portion of the enormous Lago plant consists of open terrain criss-crossed by roads leading the headquarters, the refinery complex, and a group

of luxurious villas for higher personnel. That community of villas named Seroe Colorado is situated on a beach with palm trees and an attractive greenish blue sea. Over the past years several villas were demolished because of Lago's personnel cutbacks. The remaining houses, mainly occupied by Dutchmen, Englishmen, and Americans will be vacant in the near future. An elderly man wearing a pith helmet and checkered shorts is picking up golfballs on a field near Seroe Colorado. With a bucket full of golfballs in one hand he briskly tells us that he is a retired American clergyman trying to bring God's word to the people of Seroe Colorado.

Pastor Robert Stewart is in charge of a beautiful church, but of late his congregation has shrunk. His church used to be quite well attended but now he can only count on a few dozens of believers. Personnel cutbacks and secularization are causing this. "I like the people of Seroe Colorado, I play golf with them but they do not attend church." The clergyman does not know what is going to happen to the well kept church after the refinery is closed. He himself will return to the United States, to Indianapolis. He is sorry that he has to leave Aruba. "I feel safe here with those Dutch marines on the island."

Small businessmen do not have much confidence in a future without Lago. A shopkeeper who sells, among other articles, souvenirs and clothing, says: "My business will of course be closed. What can I do here without the refinery?" He does not want to go to the Netherlands and is hoping for oil off Aruba's coast.

According to the Aruban labor unions between 1,500 and 2,000 jobs will be lost in companies supplying Lago and other enterprises indirectly associated with Lago. They believe that a total number of 4,000 jobs will disappear. Some people of San Nicolas say that they are now already feeling the results of the announced closure. More houses than usual are up for sale. There are also rumors that Arubans are already exchanging their money for American dollars as much as possible because they are afraid for a devaluation of the Antillian guilder. We asked a Lago worker about this and he replied: "Yes, I am also doing it, but do not write it down because then everybody will follow." After they have collected their money Lago workers hang around in small groups on the street or in a bar. Traditionally, pay day is very busy for the hotels and restaurants. Other workers get immediately into their cars and drive home. The following words adorn their yellow license plates: "Aruba, one happy island." The question how long this will last has always been decided by Lago.

10319
CSO: 3214/12

INTERIOR MINISTRY ISSUES REGULATION ON FIREARMS

PA201554 Managua Domestic Service in Spanish 2142 GMT 19 Dec 84

[Communiqué issued by the Nicaraguan Interior Ministry in Managua on 18 December--read by announcer]

[Text] It is strictly forbidden throughout the national territory to fire weapons at popular or official festivities with the exception of posthumous tributes or protocol activities authorized by the Defense Ministry.

Members of the military in active service and cooperating forces of the Interior and Defense Ministries who fail to observe what is hereby established will be turned over to the judge advocate's office, which will apply the punishment that corresponds to the violation of what is stipulated in the following articles of the Provisional Law on Military Crimes:

Article 49. Unlawful use of weapons. For those who improperly use firearms, either repeatedly or only once, as such an action causes great danger, they will be liable to the penalty of deprival of liberty from 3 months to 1 year.

Article 68. Abuse of military property. Those who sell or in any way dispose of articles that constitute military property or that have been assigned to the service of the military units or institutions and that have been turned over to the individual for providing his service or for personal use in service will be liable to the punishment of deprival of liberty for 6 months to 3 years. If those articles are armaments, ammunition, and other means of combat, the deprival of liberty will be for 6 months to 8 years.

The civilians who do not fulfill the previous provision will be turned over to the common courts for violation of the Penal Code, whose Article 499, Point 6 states:

Article 499. Those who, for the purpose of attacking public order or causing anguish in the country, use military weapons, explosive or incendiary devices or materials, asphyxiating, poisonous or tear-producing gases in meeting places, churches, public buildings, private homes, streets, or similar locations will be guilty of terrorism and will suffer incomutable imprisonment for 6 months to 2 years.

The authorities responsible for maintaining public order and security will enforce what is stipulated here.

Issued in Managua on 18 December 1984. After 50 years, Sandino lives!

[Signed] Interior Ministry Public Relations Directorate

CSO: 3248/173

NICARAGUA

BRIEFS

NORWEGIAN COOPERATION--Managua, 14 Dec (ANN)--Representatives of the Nicaraguan and Norwegian Governments have signed a cooperation agreement for approximately \$5 million (50 million kroner). The donation will be given through UN organizations (20 million kroner), nongovernmental organizations (20 million kroner), and bilateral cooperation (10 million kroner). To date, Norway has given Nicaragua more than \$3.8 million in aid. [Managua ANN in Spanish 1800 GMT 14 Dec 84 PA]

CSO: 3248/173

BARRANTES ON IU FOREIGN POLICY, NATIONALIZATION, PARTY UNITY

Lima EL COMERCIO in Spanish 9 Dec 84 Sunday Supplement pp 4-5

[Interview with IU presidential candidate Alfonso Barrantes Lingan by Manuel Cisneros Milla; date and location not specified]

[Text] On this occasion, Sunday Supplement held a dialogue with Dr Alfonso Barrantes Lingan, United Left's [IU] candidate for the presidency of the republic.

[Question] Could you explain what Mariateguism is?

[Answer] Yes, with a prior explanation. All of us who belong to United Left and some who do not claim ourselves to be followers of the thinking of Jose Carlos Mariategui; and, therefore, from that standpoint, being a Mariateguist means accepting his contributions and statements regarding the Peruvian reality and perpetuating them, without his clear insight, but perhaps with some perseverance. Mariateguism is not a finished doctrine; it is the effort which, from various locations and positions within the left itself, we are attempting to make on the basis of something fundamental: To Mariategui, as well as to us, the goal is socialism, the construction of socialism in Peru. Mariategui's great contribution, attesting to his consistency with Marxism, is that he did not succumb to continuism and, by not doing so, he claimed not only the right but the obligation to begin the transition toward socialism in Peru, based upon its reality. Consequently, one of the features of this budding Mariateguism is that of giving up courses of action or methods developed by other revolutionary experiences. At this point in history, all paths lead to socialism, but nevertheless each revolutionary people and each revolutionary organization creates its own path. Therefore, resorting to poetry, I say with Machado, "walking, there is no path, a path is made by traveling." At the present time, the Peruvian left is creating its own path, with many difficulties; mainly because the old habits of repeating other experiences still remain. For this reason, I value what some of my comrades have said, with a position of praiseworthy self-criticism: that there are still some comrades in the left who know more about the history of the Soviet Union or China than they do about the history of Peru. And being a Mariateguist means knowing more about the Peruvian reality, because, in principle, one cannot transform what one does not know; but this cannot lead to ignorance of the worldwide reality.

[Question] Wouldn't Mariateguiism be a sort of nationalization, so to speak, of Marxism?

[Answer] I maintain that being a Mariateguiist is the most authentic way of being a Marxist-Leninist in Peru. Therefore, it should be made very clear that, to us, Marxism is a method of interpreting reality and not a catechism that must be repeated every day and at every interval. And, following Mariategui, opting for Marxism does not mean, a priori, that one intends to repeat here a revolutionary process the same as the Soviet or Chinese one; because that is not Marxism, but rather continuism. Furthermore, Marxism itself teaches that there are no two historical phenomena that are alike; and hence it would be absurd to repeat here experiences that pertain to different realities.

[Question] How does United Left accept non-alignment with the two great super-powers? To what level would it attach greater importance, that is, to the subregional, continental or world level?

[Answer] I believe that this bond must be strengthened on progressive levels. The bolstering of the Andean Group is essential, not only for affirming non-alignment, but also for defense against the imperialist pressure; then unity with the other peoples of Latin America, a proposition which is not that of Haya de la Torre, but rather of Bolivar, and the establishment of greater ties with the other Third World countries. Our goal is clearcut: We must aspire to ceasing to be the mere pawns in a chess game being played by the Soviet Union and the U.S.

[Question] In what terms would it be impossible, with United Left, for Peru to become subjected to or assimilated into the orbit of the Soviet Union?

[Answer] It is a matter of principle. We maintain that any subordination turns a political process into something non-authentic. Furthermore, we think that any subordination contradicts the essence of our socialist affiliation. At CADE [Annual Conference of Business Executives] '84, I remarked, on this topic, that it is not a matter of moving from one orbit to another, but rather of creating the Third World orbit, so as to be able to hold negotiations with the great powers on equal terms. We must admit that this issue is very delicate, because the imperialists too, with the historical blindness that they have not yet surmounted, could help to create this fear. However, as we learn how to organize the people and maintain the effectiveness of ideological and political pluralism, and pluralism regarding property, there will be no way for people to become alienated. Use must be made, in the best sense of the word, of the contradictions between the great powers, to serve the country's fundamental interests.

[Question] How would United Left govern the country if it has in its membership eight parties plus independents?

[Answer] We already have a small but significant sample here in the municipality of Lima. Despite the fact that we are in the majority, over 90 percent of the resolutions have been adopted with favorable votes from APRA [American

Revolutionary Popular Alliance], PPC [Popular Christian Party] or AP [Popular Action]; with the possibility of acting as is being done by the present government with its majority in the Legislative Chambers. This is irrefutable evidence that we have an authentic democratic destiny. The commissions in this municipality are comprised on a multiparty basis, and the chairmanships of several of them have been given to members of other parties; and if the Apristas do not chair any it is because they have refused to accept our offer.

There are eight parties in United Left wherein, obviously, differences have not disappeared; for otherwise there would be a single party. But United Left is more than the sum of its parts, and there is already an awareness of this among the parties; because its strength lies in that great popular mass and in the medium-level sectors which back its style of engaging in polities, its sound judgment in political affairs, its repudiation of terrorism and its criticism of the surviving manifestations of infantilism and radicalism that still exist in the left. And, if it should reach the government, the executive branch will not consist exclusively of members of the parties, but also of individuals without membership who are identified with United Left. Testimony will actually be given that we are, indeed, pluralistic.

[Question] There are some who claim that, if United Left has failed or has not kept its promises in the municipality of Lima, its failure will be greater if it reaches the government. What can you tell us about this?

[Answer] That is an assessment which could be applied generally and cannot be confined to United Left, although I think that it is more visible in the municipality of Lima. I don't deny the mistakes and shortcomings of the municipal government; I explain them by the economic limitations that we have encountered and by something that I cannot conceal either: The left had no experience in municipal governments, because it came from a childish position causing it to repudiate anything that it considered a bourgeois institution. Nevertheless, some accomplishments have been made and are being attained. I claim the Glass of Milk which, in my view, is the most intimately felt, because it deals with a concrete problem. It may not be very visible, but at the present time 700,000 children are receiving it daily. And I think that having caused this to become a bill and a program in all the municipalities constitutes an unquestionable contribution. We are continuing to expend efforts with regard to garbage and traffic lights, but they are silent tasks; because we think that we shall have to keep solving these problems in the schools, so as to create a genuine civic awareness. But what will never be claimed is that Mayor Barrantes used municipal funds for his own benefit, or that the members of United Left misappropriated or stole the municipal assets. And if any one of them were to commit acts of this nature, I would be the first one to expel him from the ranks of United Left; because to us political activity has a deepseated ethical meaning.

[Question] Could you give us further comments on the announcement which you made at the last CADE on the conversion of savings in dollars into native currency?

[Answer] I must admit that in this respect we lacked a certain amount of precision, because there is a great deal of difference between the Peruvian who has \$1,000 or \$5,000 and the one who has \$50,000 or more. We do not think that amounts under \$5,000 could be subject to conversion. But at CADE, there was a widespread view, based on our proposal to nationalize the Southern entity, and it was claimed that we would nationalize everything. And that is not so because, in the first place, not every nationalization is socialist or revolutionary; and, secondly, because we have no intention of nationalizing anything but Southern. Similarly, when we upheld the feasibility of the state's controlling the banks, we were not saying that we intended to nationalize them, although 70 percent of them are already nationalized. So, there is no reason to be frightened. I have preferred to earn the repudiation or criticism of business owners by telling them the truth, rather than earn their applause with lies. Mariátegui has taught me to tell the truth, even if it hurts. I cannot and should not surprise the people. So, if I win the elections, Southern knows that we intend to nationalize it within a moderate period of time; and the only thing that I shall be unable to avoid is its continued taking of its remittances of profits with all the funds admitted for accounting purposes that it has, but it already knows what it should abide by. And if it remains, it will do so according to the terms set for it by the government, based on very clear groundrules. We need the foreign capital, and we shall not behave with a phobia toward it. We need it so long as, accruing the profits to which it is entitled, it abides by the laws and contributes with a reinvestment of some of what it receives back in the form of profits accrued from the exploitation of our resources.

[Question] What will United Left's position be regarding private or individual education?

[Answer] Under the current circumstances, private contributions contribute to the national education. I am not concealing the fact that our goal is the single school, but we cannot establish it immediately. We shall respect pluralism in educational contributions, of course providing the guidelines that will afford a unified orientation and, in particular, prevent education from becoming a business.

[Question] Is it possible to make a revolution through representative democracy?

[Answer] At the National Congress of Industrialists we heard its president say that we must become used to the need for change. If, in that sector, which is not our own, there is an admission and recognition of the fact that the present status of the country, wherein injustice and exploitation prevail, is by now intolerable, change is inevitable. But there are various ways of changing a society: the legal and the illegal ones, depending on concrete circumstances. We have opted for the legal way, and we arrived at the municipality of Lima with the backing of 37 percent of the electorate. With this support, we are in a position to progress realistically with the transformation of Peruvian society. Anyone resorting to other methods does not depend on us, but rather on those who refuse to accept change, which is not being demanded only by the left, but by the Church, with which we agree in the

defense of the people. United Left, which has shown considerable popular support, is sufficiently strong to democratically demand that certain changes be made. And it also indicates that Sendero Luminoso is a factor that is jeopardizing the constitutional stability.

[Question] Would United Left hold dialogue with Sendero Luminoso?

[Answer] We do not refuse dialogue, but reality has proven that Sendero does not want dialogue with anyone. It has as much arrogance and as much presumptuousness as some of the candidates for the presidency of the republic. The law must be applied to Sendero and the really tragic needs suffered by the depressed areas of the country must be met. In the case of Ayacucho, we have proposed a regional government in which the Church, the universities, the professional associations and the trade union organizations would be represented; in a real effort for democratizations. And with regard to democracy, we claim that it must be created for those who do not know what it is like. If our people do not observe that democracy means recognition of their dignity as human beings and the progressive rise in their standard of living, how can they be asked to defend it? Whoever is in the Government Palace would give them the same thing. We want to glean everything that is constructive in this system, and we have also learned this from Marx, to improve it and contribute everything that will guarantee respect for human dignity and the exercise of liberty. We claim that there can be no authentic socialism without a genuine exercise of liberty. In brief, socialism is liberty.

[Question] Do you have anything more to add?

[Answer] Despite all the circumstances, from a political standpoint Peru is in a process of maturity. Six years ago, no one would have been able to imagine all the candidates for the presidency holding dialogue with the president of the republic, and bilateral and multilateral dialogues being held among the candidates as well. All this also reveals something essential: the fact that this country cannot be governed, in a sectarian way, by a single party, and that the cooperation and skill of the other parties are needed. For this reason, we propose that, before the elections, before it is time to vote, the four parties with the greatest option for victory assume a commitment on certain essential points that would ensure a minimal amount of stability and prevent any precipitous historical incident. This proposal of mine may appear heterodoxical, but it is valid if the country's interests are at stake; which is the only kind of orthodoxy that must never be abandoned.

2909
CSO: 3348/203

THIRD TRIMESTER INDICATORS SHOW ECONOMIC IMPROVEMENT

Lima EL COMERCIO in Spanish 27 Nov 84 p A-11

[Text] Despite the fact that the country's economic situation may be described as gloomy, some recently published indicators make it possible to discern the desired advent of certain favorable trends.

As noted in the economic report for the third quarter prepared by the Continental Bank's Economic Studies Unit, this year the money supply registered a real increase of 5 percent, while contributions in constant soles rose 26 percent over the figures for the third quarter last year.

During the third quarter, electric power consumption in the capital area exceeded that recorded for the same interval in 1983 by 13.8 percent. Imports of capital goods totaled \$67 million in July, and \$72 million in August; although this is still 10.7 percent below the shipments for 1983.

According to the foregoing data, the projections for growth in 1984 lie between 2 and 2.5 percent.

At the end of the first half and based on the quarterly averages (1979:100), the index of the gross domestic product (GDP) stood at 96.5 points; equivalent to a 2.3 percent increment over last year's figure. The fishing sector showed the greatest progress, making an impressive 62 percent increase in the production rate.

Mining production increased 6 percent during the first half; but the latest statistics for the third quarter indicate a moderate decline. The manufacturing sector is awakening from its apathy; but its production levels still fail to attain the figures recorded by the sector in 1982.

It is projected that agricultural growth will exceed 5 percent; however, it cannot attain the figures pertaining to the 1982 harvests. As for construction, it has had a slightly upward trend since the first quarter; nevertheless, the sector's prospects are not clear, owing to the imminent threat of severe cuts in the budget appropriations earmarked for public works.

The country's relations with the International Monetary Fund (IMF) revolve around the size of the public sector's deficit. The IMF provisions accepted

by the government last April called for the fiscal gap to decline from 12 percent of the gross domestic product in 1983 to 3.1 percent this year.

By the year's end, it is projected that the deficit will rise from 8 to 9 percent. The IMF considers this a lack of fulfillment on the part of Peru; hence, it has withheld the quarterly disbursements of standby credit totaling \$275 million which had been agreed upon.

Following are the remedies proposed by the Fund: increase the price of gasoline to \$1.50 per gallon; a devaluation from 20 to 25 percent; restriction of public works; and a 2-point increase in the tax on sales and services. They have not been considered by the government, because of the economic and social conditions prevailing in Peru.

2909

CSO: 3348/187

DANISH PRESS COVERAGE OF NATIONAL SITUATION SAID DISTORTED

Lima OIGA in Spanish 10 Dec 84 pp 20-21

[Text] Sendero Luminoso has, within a few years, mounted a gigantic propaganda machine abroad, primarily in Europe, with such penetrating power that it has even infiltrated news media controlled by governments of countries which have traditionally been friends of Peru, and those which could not even remotely be described as protectors of terrorism.

In this endeavor, Sendero Luminoso has agents recruited by organizations using the defense of human rights as a front, which are playing into the hands of terrorism, denigrating Peru's democratic regime for personal reasons; as in the case of certain relatives of the reporters massacred by the Uchuraccay commune residents, with very slight financial means, who are suddenly receiving large amounts of money for taking tours all over the world, accusing the government of being the brains behind that massacre and the Armed Forces of being the executing branch.

However, also acting as agents are figures known to be linked with the extreme left who, taking advantage of their positions, travel abroad to expose alleged atrocities committed in our country against the government's opponents. This holds true of the mayor of Comas, Arnulfo Medina, among those registered with United Left [IU], to whom, on Sunday, 18 November, AKTUEL T, one of the leading newspapers in Copenhagen (Denmark), devoted an article with the heading, in heavy print: "Mass Assassinations Every Day."

Medina, who is claimed in that article to be touring Europe collecting funds for his municipality, asserts that the government is using the battle against Sendero Luminoso "as an excuse for jailing, torturing and killing other political adversaries who have no connection with terrorism." According to the IU mayor's horrifying account, mass arrests and killings are a daily occurrence in Peru: "During recent weeks, they have gone so far as to arrest nearly 10,000 persons, and the appearance of common graves seems to indicate a new system for elimination." Throughout the lengthy article there is no reference by Medina to the slaughter of men and women committed by Sendero Luminoso to subject the Indian communities in the interior with the use of terrorism, nor to the assassinations of police and communal authorities.

As if everything had been perfectly coordinated, on the day following the publication of this article, Danish television aired a "documentary" on Peru. The shots showed police evicting people from land invaded on the outskirts of Lima (one of the many invasions organized by United Left mayors); but the commentator, in a dramatic tone, noted that what was being shown on the screen were "soldiers dispossessing poor Indian peasants so as to take over their land."

We do not know whether our embassy in Copenhagen protested (as it should have done) to the Danish Government, because television in that country is not privately owned but rather state-owned. However, such protests are useless when our government is unwilling to show its face. For example, when our ambassador in Madrid complained to the Spanish Government about a documentary denigrating Peru, the response that he received was an admission that many Communists had infiltrated the ranks of the high-ranking Spanish State officials controlling the state-run TV.

2909
CSO: 3348/232

FRG FUNDS TECHNICAL INSTITUTE IN PIURA UNIVERSITY

Lima EL COMERCIO in Spanish 21 Dec 84 p A-9

[Excerpts] Piura, 20 Dec--This city, the hardest hit by torrential rainfall during 1983, has become a central point in the country and the Andean subregion for university education and scientific research in the fields of hydraulics, hydrology and sanitary engineering.

With economic and technical assistance from the Federal Republic of Germany, through the German Technical Cooperation Association (GTZ), the construction and equipping of the Institute of Hydraulics, Hydrology and Sanitary Engineering at Piura University (UDEP) have become a reality.

With the slogans "man, water and technology," and "water is life," both Peruvians and Germans made it possible to build the modern research and educational center in what had previously been merely a sandy area with large amounts of mesquite.

Six UDEP graduates in industrial engineering have become the first boarders at the institute, the laboratories of which have thus far been equipped with 922 high precision instruments and advanced technology.

Peru, First to Receive Aid from the FRG

Gerhard Friedrich, GTZ's director in Peru, said that his country had a special liking for Peru, to the point where it has become the first country in Latin America to benefit from the German cooperation.

He added: "That is not all; in the context of the 106 countries comprising the Third World, Peru ranks fourth in receiving German assistance; and therefore we are proud to be present in several departments of this beautiful, receptive country."

The German international official remarked that, in addition to covering the costs of building the institute's premises and equipping it, GTZ is responsible for the presence of two experts in hydraulics and hydrology in Piura, as well as for the transfer of UDEP instructors to the FRG for advanced education and training in those special fields. Gerhard Friedrich claimed: "This institute, which we are turning over to Piura University today, is another example of the close ties that exist between Peru and the Federal Republic of Germany."

2909

CSO: 3348/232

ARMED FORCES PROMOTIONS RATIFIED BY SENATE

12 Army Generals

Lima EL COMERCIO in Spanish 6 Dec 84 p A-4

[Excerpt] Last night, as voting on Army promotions began, the Senate approved the promotion of 6 brigadier generals to major general and of 6 colonels to brigadier general.

The following were promoted to major general: Adolfo Macha Bardales (38 favorable votes against 5 unfavorable), Rodolfo Rios Vallejos (39-3), Ismael Araujo Vera (42-4), Juan Malatesta Sebastia (44-2), Raul Briceno Zevallos (40-4) and Lorenzo Cardenas Caro (39-5).

Promoted to brigadier general were: Juan Sarmiento Lazo (39-5), Alvaro Santivanez Villalobos (40-4), Carlos Hernandez Ramos (40-4), Anibal Amez Espinoza (36-5), Jose Guevara Romero (36-4) and Luis Patino Flores (35-5).

44 Army, Police Officers

Lima EL COMERCIO in Spanish 7 Dec 84 p A-4

[Excerpt] The Upper House later finished voting on Army promotions, approving the promotion of the following colonels to brigadier general:

Victor Bustamante Garcia (42 favorable votes against 2 unfavorable), Rafael Moral Rengifo (43-3), Rene Lagos Castellares (42-5), Florian Sanchez Azabache (43-4), Wilfredo Mori Orzo (45-3), Nicolas Hermoza Rios (48-2), Jorge Rabanal Portilla (43-4), Martin Martinez Garay (41-4), Luis Briceno Vizcarra (44-3), Tomas Injoque Guerrero (42-6), Augusto Revilla Gamero (40-3), Luis Palomino Rodriguez (41-4), Jaime Salinas Sedo (45-3), Luis Bendezu Montoya (41-2), Manuel Alvarez Peralta (40-3), Juan Gil Jara (41-3), Walter Murray Benavides (41-3), Carlos Luperdi Gonzales (45-1), Jose Pastor Vives (42-1), Rafael Villanueva Pajares (40-2), Miguel Sanchez Ortega (43-4), Alvaro Gutierrez Espejo (42-6), Pedro Scarsi Valdivia (42-6) and Luis Carneiro Debernardi (40-8).

The promotions of Peruvian Investigative Police (PIP) generals Berly Baca Valdivia and Teofilo Aliaga Salazar to lieutenant general were also approved (by votes of 42-7 and 43-4, respectively).

Also promoted to general were colonels: Jesus Fuentes Lopez (43-5), Eugenio Arroyo Valverde (40-8), Pablo Patron Lengua (39-8), Victor Gastelu (43-8), Felix Lapa (38-11), Emilio Ramos (41-7), Rene Jaime (41-5), Manuel Cardenas (43-4), Julio Merino (41-7), Raul Chavez (36-7) and Manuel Castaneda (36-8).

The following Republican Guard colonels were also promoted to general: Miguel Velasco (36-7), Simeon Aguilar (39-5), Jaime Vasquez (37-7), Gerardo Rios (41-3), Jose Garate (36-7), Javier Cano (37-6) and Carlos Duran (42-5).

12336
CSO: 3348/195

BRIEFS

SEA LAW REFERENDUM PROPOSED--On 14 April, 1985, a referendum will be held, so that, at the time of the general elections, Peruvians may, by universal, direct and secret ballot, express their view as to whether or not the nation should subscribe to the Convention on the Law of the Sea. So reads the first article of a draft law presented by the Popular Action group in the Senate last night; the same draft law went also to the responsible committees. A section dealing with the casting of the referendum vote will be included in the sole voting document. The executive will make available to the political parties and candidates documentation relating to the Convention, so that they may use it during the electoral campaign, according to another article of the draft law. Also, the National Election Jury (JNE) will determine how the results of the consultation will be made known and how votes are cast and counted nationally. In the introductory part of the draft law, it is pointed out that Peru's signature to the aforesaid Convention is pending and that the Convention contains provisions that are strongly at variance with the constitutional norms. Similarly, it indicates that, in order for Peru to decide whether or not to adhere to the Convention, it is necessary for the people to express their judgment directly, as Article 64 of the Constitution provides. [Excerpt] [Lima EL COMERCIO in Spanish 7 Dec 84 p A-4] 12336

\$470 MILLION FOR DEBT SERVICE--Peru will have 470 million dollars available to pay its foreign debt service in 1985, a year in which it has to meet obligations of 1.3 billion dollars. Taxes are expected to provide 70 million; development bonds, 200 million; and Central Reserve Bank credits, another 200 million. These figures were released at a seminar for journalists held yesterday at the Ministry of Economy. It was said that, in the face of this situation, the government is exploring the possibility of refinancing 100 percent of the principal and interest on the debt with commercial banks, the countries of the Club of Paris and creditors who do not belong to these two groups. Thus, relief from the deadlines now facing Peru will be requested. During this meeting, it was also learned that, as of 31 December of this year, the 159 public enterprises are expected to register losses totaling 126 billion sols. [Excerpt] [Lima EL COMERCIO in Spanish 4 Dec 84 p A-4] 12336

FISH PRODUCTS EXPORTS UP--During 1984, exports of fish products increased 55 percent over the figure for the previous year, representing over \$300 million, in contrast to \$170 million. In an exclusive statement to our newspaper, the chairman of the National Fishing Association, Salomon Manzur, disclosed that the products consisted of: fishmeal and fish oil, canned fish, frozen and dried salted fish, scallops and crawfish. According to Manzur, the recovery was made possible by "two major concurrent measures in the fishing sector, namely, the 'work and let work' policy enacted by Minister Benavides Ferreyros and, secondly, the policy for reactivation devised by the former council of ministers chairman, Senator Sandro Mariategui." [Excerpt] [Lima EL COMERCIO in Spanish 21 Dec 84 p A-14] 2909

SURPLUS FROM JAPANESE TRADE--During the first half of 1984, Peru had a surplus of \$145 million in its commercial exchange with Japan. For many years, Peruvian exports to Japan have been favorable for Peru by a wide margin. According to the statistics furnished by the Japanese Official Organization for Foreign Trade (Jetro), Peru's exports for the first half of the year totaled \$220.2 million. During the same period in 1983, Peruvian exports amounted to \$254 million. The percentual reduction was 13.3 percent. The products which Peru purchased represented the sum of \$75.2 million during the first half; and, for the second half of 1983, the sum was \$98.2 million. Comparing both half-year periods, one observes a 23.4 percent decline. Peru's leading exportable supply is still the category of metal ores and their derivative products, valued at \$100.7 million and \$96.8 million, respectively, with a percentage of increase totaling 30 percent. [Text] [Lima EL COMERCIO in Spanish 10 Dec 84 p A-14] 2909

CSO: 3348/203

URUGUAY

BRIEFS

FLAG RAISED IN ANTARCTIC--Montevideo, 26 Dec (AFP)--Spokesmen of the Antarctic Institute have reported that a small group of soldiers have raised the Uruguayan flag in the Antarctic for the first time in a ceremony aimed at showing the interest of the Uruguayan Government in this cold region. The ceremony was held on Shetland Island on Monday, 24 December. The base installed on this occasion will serve as housing for a scientific mission that will arrive on the island in January. The institute's spokesman pointed out the support received from Argentina, Brazil and Chile. [Text] [Paris AFP in Spanish 1334 GMT 26 Dec 84]

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